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Post Hearing Information Pack of

Hunan Junxin Environmental Protection Co., Ltd.

湖南軍信環保股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Hunan Junxin Environmental Protection Co., Ltd.

湖南軍信環保股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

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SUMMARY

This summary aims to give you an overview of the information contained in this Document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this Document. You should read the entire Document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are a company that provides specialized solutions in integrated waste treatment and resource utilization, including the investment, management, and operation of green energy and environmental services projects. According to F&S, our Changsha Environmental Protection Industrial Park, in which our main operations are situated, is among the largest integrated environmental parks in the industry in China, in terms of project scale. Such project scale is measured primarily by designed waste treatment capacity, which is the most common industry metric for benchmarking integrated environmental parks and individual treatment projects. As of the Latest Practicable Date, it housed a multitude of projects, including those in relation to clean waste-to-energy incineration and the integrated treatment of various types of waste. During the Track Record Period, our core business comprised (i) clean waste-to-energy incineration; (ii) the integrated treatment of various types of waste (including sludge, sewage and leachate, fly ash, and others); (iii) the interim treatment, compression, and transfer of household waste; and (iv) the collection, harmless treatment, and resource utilization of food waste. In particular,

- ***Clean[(1)] waste-to-energy incineration:*** We provide clean waste-to-energy incineration and green energy via our Changsha Waste-to-Energy Incineration Project (phases I and II), Liuyang Waste-to-Energy Incineration Project, Pingjiang Waste-to-Energy Incineration Project, and Bishkek Project (phase I). For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, such projects had a combined household waste treatment volume 3.2 million, 3.2 million, 3.8 million, and 1.0 million tons, respectively, and had generated 1.5 billion, 1.5 billion, 1.8 billion, and 0.5 billion kWh, respectively, of on-grid electricity, at an efficiency of 452 kWh, 460 kWh, 486 kWh, and 509 kWh, respectively of on-grid electricity per ton of household waste treated. As of the Latest Practicable Date, our clean waste-to-energy incineration projects had a combined daily treatment capacity of 10,600 tons of household waste. Moreover, according to F&S, in terms of the average on-grid electricity generated per ton of waste, we ranked first among all companies that provide waste-to-energy incineration in China in 2025.

- ***The integrated treatment of various types of waste:*** In addition to our Changsha Waste-to-energy Incineration Project, our Changsha Environmental Protection Industrial Park also housed various waste treatment projects in relation to sludge, leachate, fly ash, and others. As of the Latest Practicable Date, projects within our park's campus had a combined daily treatment capacity of 2,700 tons of leachate, 1,000 tons of sludge, and 215 tons of fly ash. Our Liuyang fly ash treatment project commenced operation in May 2026 and, as of the Latest Practicable Date, had a daily treatment capacity of 42 tons of solidified material resulting from the chelation and stabilization of fly ash. In addition, our Projects in Pingjiang and Changsha Transfer Project also housed sewage treatment projects.

- ***The interim[(2)] treatment, compression, and transfer of household waste:*** Through the Acquisition of Renhe in November 2024, we have further expanded our capabilities, thus covering most of the overall waste management value chain. One of the projects operated by Renhe that had then become a part of our Group is the Changsha Transfer Project, which had a total daily treatment capacity of 10,000 tons of household waste as of the Latest Practicable Date.

Notes:

(1) "clean" refers to the burning of waste to generate electricity with minimal environmental impact. See "Glossary of Technical Terms".

(2) "interim" refers to the intermediate handling of household waste at transfer facilities before delivery to waste-to-energy incineration plants for final disposal.

- ***The collection, harmless treatment and resource utilization of food waste:*** The other project that is operated by Renhe that had then become a part of our Group since the Acquisition of Renhe is the Changsha Food Waste Project. As of the Latest Practicable Date, this project had a daily treatment capacity of 1,200 tons of food waste. As a by-product of the waste utilization process, our Changsha Food Waste Project can reach an annual output of up to 30,000 tons of industrial-grade mixed oil, with an oil recovery rate exceeding 7%.

The following table sets forth a summary of our financial performance of our business for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Revenue from the sales of electricity	698,230	38.0	685,285	28.5	837,835	30.7	204,266	29.3	247,461	33.6
Revenue from waste treatment services										
– Waste incineration	*355,905*	*19.4*	*353,982*	*14.7*	*347,050*	*12.7*	*94,418*	*13.6*	*104,276*	*14.2*
– Sludge	*212,748*	*11.6*	*203,155*	*8.4*	*219,062*	*8.0*	*53,157*	*7.6*	*52,859*	*7.2*
– Sewage and leachate	*88,197*	*4.8*	*107,655*	*4.5*	*83,881*	*3.1*	*17,709*	*2.5*	*20,336*	*2.8*
– Food waste[1]	*–*	*–*	*13,136*	*0.5*	*115,614*	*4.2*	*33,460*	*4.8*	*29,744*	*4.0*
– Fly ash	*104,510*	*5.7*	*95,384*	*4.0*	*68,353*	*2.5*	*23,758*	*3.4*	*19,988*	*2.7*
– Landfill	*34,696*	*1.9*	*38,440*	*1.6*	*27,384*	*1.0*	*7,045*	*1.0*	*6,978*	*0.9*
– Others[2]	*–*	*–*	*–*	*–*	*1,287*	*–*	*319*	*0.1*	*413*	*0.1*
Sub-total	***796,056***	***43.4***	***811,752***	***33.7***	***862,631***	***31.6***	***229,866***	***33.0***	***234,594***	***31.9***
Revenue from household waste interim treatment and transfer services[1]	–	–	54,047	2.2	684,966	25.1	154,393	22.1	171,290	23.3
Revenue from food waste collection[1]	–	–	4,568	0.2	65,404	2.4	16,201	2.3	15,741	2.1
Revenue from sales of industrial-grade mixed oil[1]	–	–	17,280	0.7	198,730	7.3	44,421	6.4	42,281	5.7
Revenue from construction services[3]	341,563	18.6	836,939	34.7	76,283	2.8	47,000	6.7	23,624	3.2
Others[4]	765	–	984	–	4,859	0.2	1,213	0.2	1,362	0.2
Total	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**

Notes:

1. These revenue from these service lines became a part of our Group after the Acquisition of Renhe which completed in November 2024. For such reasons, the financial information presented in this table include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2025 and 2026. For the financial information relating to these projects prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the section headed "Financial Information — Financial information of Renhe" in this Document.

2. Primarily included revenue from bottom ash treatment.

3. Revenue from construction services in these years/periods was mainly in relation to our clean waste-to-energy incineration projects and flying ash treatment projects in Liuyang and Pingjiang.

4. Primarily included rental income.

The following table sets forth a breakdown of our revenue by projects for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Projects from our Changsha Environmental Protection Industrial Park										
– *Changsha Waste-to-Energy Incineration Project (phase I)*	640,304	34.9	607,459	25.2	608,654	22.3	155,744	22.3	167,174	22.7
– *Changsha Waste-to-Energy Incineration Project (phase II)*	544,634	29.7	551,887	22.9	538,452	19.7	137,241	19.7	139,195	18.9
– *Sludge, leachate, fly ash, and others*	292,547	15.8	303,581	12.6	261,027	9.6	66,945	9.6	64,607	8.8
Liuyang Waste-to-Energy Incineration Project	–	–	–	–	92,195	3.4	22,606	3.2	27,553	3.7
Projects in Pingjiang	17,565	1.0	20,294	0.8	57,835	2.1	15,079	2.2	15,889	2.2
Changsha Transfer Project[1]	–	–	54,959	2.3	699,162	25.6	156,736	22.5	175,108	23.8
Changsha Food Waste Project[1]	–	–	35,736	1.5	383,928	14.1	96,009	13.8	88,599	12.0
Bishkek Project (phase I)[2]	–	–	–	–	13,172	0.5	–	–	34,604	4.7
Total operating revenue from our projects	**1,495,051**	**81.4**	**1,573,916**	**65.3**	**2,654,425**	**97.2**	**650,360**	**93.3**	**712,729**	**96.8**
Revenue from construction services[3]	341,563	18.6	836,939	34.7	76,283	2.8	47,000	6.7	23,624	3.2
Total revenue	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**

Notes:

1. These projects had only become a part of our Group after the Acquisition of Renhe which completed in November 2024. For such reasons, the financial information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2025 and 2026. For the financial information relating to these projects prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the sub-section headed "— Financial information of Renhe" in this section.

2. This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

3. Revenue from construction services in these years/periods was mainly in relation to our clean waste-to-energy incineration projects and flying ash treatment project in Liuyang and Pingjiang.

As part of our strategic expansion efforts abroad, we have been establishing a presence in Central Asia. In 2024, we have signed a service concession agreement with the local authorities in Kyrgyzstan to develop a green energy and environmental services project in the capital city of Bishkek. Phase I of the Bishkek project had commenced operation in December 2025. As of the Latest Practicable Date, we have signed an investment agreement, followed with a service concession agreement, to develop a green energy and environmental services project in Osh City, Kyrgyzstan, and an investment agreement and service concession agreement for two similar projects in the Issyk-Kul Prefecture of Kyrgyzstan. We have also expanded of our scope in Central Asia by entering into a memorandum of understanding in July 2025, an investment agreement in late August 2025, and a waste supply agreement and a power purchase agreement in April 2026, to develop a similar project in Almaty, Kazakhstan. In addition, in April 2026, we received a notice of award for the Changsha Hexi Waste-to-Energy Incineration Power Plant Project (with a planned treatment capacity of 4,000 tons per day). Looking ahead, we remain committed to identifying and pursuing opportunities in other high-potential regions, where we can deliver our integrated waste treatment and resource utilization solutions.

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The following table sets forth key operational and financial data of our projects that are in operation and in our pipeline, such parameters include, among others, the concession term, the designed annual treatment capacity, actual treatment volume, and annualized load rate, during the periods, and as of the dates, indicated:

							For the years ended December 31,						For the three months ended March 31,	
							2023		2024		2025		2026	
Project name	Location	Project status as of the Latest Practicable Date	Mode of operations	Date of commencement	Concession term	Designed annual treatment capacity	Actual treatment volume[1]	Annualized load rate	Actual treatment volume[1]	Annualized load rate	Actual treatment volume[1]	Annualized load rate	Actual treatment volume[1]	Annualized load rate
						('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*
Projects at our Changsha Environmental Protection Industrial Park	**PRC**													
Changsha Waste-to-Energy Incineration Project (phase I)		In operation	BOT	January 2018	2014 – 2042	1,800	1,936	107.6	1,819	101.1	1,902	105.7	474	105.3
Changsha Waste-to-Energy Incineration Project (phase II)														
-*Waste-to-energy incineration functions*		In operation	BOT	June 2021	2019 – 2048	1,022	1,299	127.1	1,365	133.6	1,278	125.0	311	121.7
-*Sludge treatment functions*		In operation	BOT	July 2021	2019 – 2048	183	201	109.8	183	100	177	96.7	49	107.1
Sludge treatment project		In operation	BOT	June 2006	2006[4] – 2031	183	196	107	188	102.7	188	102.7	47	102.7
Leachate treatment project		In operation	BOT	June 2006	2006[4] – 2031	986	590	59.8	723	73.3	521	52.8	126	51.1
Fly ash treatment project		In operation	BOT	January 2021	2019 – 2049	79	78	98.7	68	86.1	67	84.8	17	86.1
Changsha Landfill Project[2]		In operation	TOT	June 2006	2006[4] – 2031	1,460	4	0.0	0	0.0	0	0.0	0	0.0
Projects in Liuyang	**PRC**													
Liuyang Waste-to-Energy Incineration Project		In operation	BOT	January 2025	2023 – 2053	438	N/A	N/A	N/A	N/A	365	83.3	99	90.4
Liuyang fly ash treatment project		In operation	BOT	May 2026	2025 – 2053	15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Projects in Pingjiang	**PRC**													
Pingjiang Waste-to-Energy Incineration Project		In operation	BOT	December 2024	2023 – 2053	219	N/A	N/A	19	104.1	199	90.9	56	102.3
Pingjiang Landfill Project[2]		In operation	TOT	June 2012	2012 – 2037	80	112	140.0	111	138.8	0	0.0	0	0.0
Pingjiang fly ash treatment project		Planning	BOT	N/A	2026 – 2053	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changsha Transfer Project[3]	**PRC**													

Project name	Location	Project status as of the Latest Practicable Date	Mode of operations	Date of commencement	Concession term	Designed annual treatment capacity	For the years ended December 31, 2023 Actual treatment volume[1]	2023 Annualized load rate	2024 Actual treatment volume[1]	2024 Annualized load rate	2025 Actual treatment volume[1]	2025 Annualized load rate	For the three months ended March 31, 2026 Actual treatment volume[1]	2026 Annualized load rate
						('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*
– Household waste interim treatment functions		In operation	BOOT	April 2005	2005[4] – 2030	3,650	N/A	N/A	265	87.1	3,251	89.1	799	87.6
– Sewage treatment functions		In operation	BOT	December 2014	2014 – 2030	438	N/A	N/A	11	30.1	126	28.8	35	32.0
Changsha Food Waste Project[3]	**PRC**	In operation	BOO	June 2012	2012 – 2037	438	N/A	N/A	39	106.8	414	94.5	91	83.1
Wangcheng District Waste Transfer Project	**PRC**	Planning	BOT	N/A	30 years	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bishkek Project	**Kyrgyzstan**													
Phase I		In operation	BOO	December 2025	2024 – 2059	365	N/A	N/A	N/A	N/A	40	131.5	98	107.4
Phase II		Planning	N/A	N/A	35 years	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Osh City Project	**Kyrgyzstan**	Service concession agreement signed and under construction	BOT	N/A	2026 – 2061	310	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Projects in Issyk-Kul	**Kyrgyzstan**													
– Project in Karakol, Issyk-Kul		Service concession agreement signed and under construction	BOO	N/A	2026 – 2061	219	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
– Project in Balykchy, Issyk-Kul		Service concession agreement signed	BOO	N/A	35 years	219	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Almaty Project	**Kazakhstan**	Waste supply agreement and power purchase agreement signed	N/A	N/A	25 years	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. The actual waste treatment volume listed in the table above refers to the volume of waste that arrives at our site (i.e., the incoming waste volume). This incoming waste volume is measured by a government-verified metering system and is used to calculate the revenue we earn from waste treatment services. According to the typical treatment processes at our waste-to-energy incineration projects, from the time the waste arrives at the site to when it is fed into the furnace for incineration, the waste is stored and fermented in the waste pit. During this process, there is a certain degree of leachate loss. Therefore, the volume of waste entering the furnace (i.e., the incineration input volume) is generally lower than the incoming waste volume, due to the leachate loss during storage and fermentation. Our Directors believe that this discrepancy is normal and, according to F&S, such measurements are in line with common market practices.

   During the Track Record Period, some of our Group's projects operated above their legal overloading limit when measured by the incineration input volume. See "Business — Our Projects — The capacity, volume and load rates of our key services". As of the Latest Practicable Date, all necessary confirmations from the relevant environmental authorities, who are also the sole competent and responsible authorities, as confirmed by our PRC Legal Advisor, have been obtained. These confirmations specifically verify that our Group's operations may continue under existing conditions.

2. As of the Latest Practicable Date, the landfill volume of this project was nil, as the waste received at the Changsha Environmental Protection Industrial Park and the Projects in Pingjiang would be transported directly to waste-to-energy incineration, instead of landfill. In general, we do not apply any allocation mechanism between incineration and landfill facilities. Once a waste-to-energy incineration project becomes operational in an area, the waste collected and transferred will be sent to waste-to-energy incineration. In line with our long-term strategy and government directives promoting waste-to-energy solutions, all waste received at the Changsha Environmental Protection Industrial Park and the Pingjiang projects will continue to be transported to waste-to-energy incineration. In terms of future plans, we do not anticipate resuming landfill operations in Changsha or Pingjiang.

3. The operational figures set forth in this table only reflect those subsequent to the Acquisition of Renhe, which was completed in November 2024.

4. Certain of our projects have concession periods commencing prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholders, Renhe or their related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.

MARKET OPPORTUNITIES AND COMPETITIVE LANDSCAPE

According to F&S, China's green technology, solid waste treatment, and resource utilization sectors are undergoing major transformation, driven by changes in national policies, innovation, and market needs. With the introduction of the Dual Carbon goals and the Zero Waste City initiative, the industry is shifting from a fragmented treatment model to integrated treatment of various solid waste. Such a change improves efficiency and creates new value through the integrated treatment of household waste, sludge, food waste, leachate, sewage, and fly ash.

In terms of market competition, according to F&S, in 2025, our Changsha Waste-to-energy Incineration Project ranked fourth among all solid waste incineration projects in China, in terms of daily treatment capacity, and we ranked first in among all waste-to-energy incineration companies China in terms of average on-grid electricity generated per ton of waste. Our Changsha Transfer Project also ranked first among all waste interim treatment and transfer projects in China, and our Changsha Food Waste Project ranked third among all food waste treatment projects in China, in terms of daily treatment capacity.

Nevertheless, the environmental services industry, particularly in solid waste treatment and resource utilization, is inherently localized due to the nature of concession agreements and physical infrastructure constraints. These agreements, often spanning across decades, grant exclusive operational rights to service providers within specific jurisdictions. As a result, market entry is tightly regulated and geographically segmented. The physical limitations of waste collection, transportation, and treatment further reinforce this localization. Facilities must be situated near waste generation sources to maintain operational efficiency and cost-effectiveness, which restricts cross-regional competition and expansion. This has led to a fragmented competitive landscape, especially in China, where most enterprises operate within the confines of local government concessions. Only a handful of dominant players have managed to establish a national footprint. As environmental standards tighten and policy frameworks evolve, enterprises with superior capabilities are expected to consolidate market share through mergers and acquisitions.

Moreover, China's environmental services market, particularly in waste-to-energy incineration, has reached a mature stage. By December 31, 2025, incineration accounted for approximately 85% of domestic waste processing, surpassing the 2025 target of 65% set by the 14th Five-Year Plan. Projections indicate that this figure will rise to 90% by December 31, 2029. While this reflects the success of policy-driven infrastructure expansion, it also signals a saturation point. Most municipalities have already signed long-term concession agreements, leaving limited room for new entrants or expansion within the domestic market.

With domestic opportunities dwindling, the real growth potential lies in overseas markets. Developing regions such as Central Asia, Southeast Asia, South America, and the Middle East are experiencing rapid urbanization and rising household waste generation. However, according to F&S, these regions often lack adequate waste collection and processing infrastructure. For instance, incineration penetration in these areas remains below 10%, and collection rates are significantly lower than global averages. Chinese enterprises are well-positioned to fill this gap. Their standardized process systems, cost-effective models, and proven track records make them attractive partners for governments and international development agencies. The Belt and Road Initiative and green financing channels have further facilitated project access and capital mobilization. As environmental standards in these regions evolve, the demand for advanced, integrated waste processing solutions is expected to grow, offering Chinese firms a strategic opportunity to replicate their domestic success on a global scale.

OUR COMPETITIVE STRENGTHS AND FUTURE STRATEGIES

Our achievements to date and the foundation for our future growth are driven by several competitive advantages, including (i) as an established provider of specialized solutions in integrated waste treatment and resource utilization, we are positioned to drive growth across markets in China and overseas; (ii) our specialized solutions in integrated waste treatment and resource utilization are designed to efficiently meet the evolving needs of modern urban environments; (iii) we drive growth through our technological leadership; (iv) our capabilities in construction and operational management have driven strong and resilient financial performance; and (v) we are guided by visionary and experienced leadership, and a corporate culture rooted in integrity, accountability, resilience, and excellence.

We are committed to preserving our status as one of the key market players and to fostering our financial and operational expansion via these future strategies: (i) we will deepen our strategic focus on our core operations while advancing green technology capabilities; (ii) we will expand our operations overseas with a focus on Belt and Road markets; (iii) we will enhance our operational efficiency through technological innovation and digital transformation; and (iv) we will strengthen our talent development and organizational resilience.

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our major customers comprised mostly local government authorities and electricity grid corporations. Our sales to the five largest customers in each year/period during the Track Record Period amounted to RMB1,832.1 million, RMB2,334.5 million, RMB2,521.9 million, and RMB667.8 million, representing 99.7%, 96.8%, 92.5%, and 90.6% of our total revenue, respectively. Our major suppliers during the Track Record Period comprised mostly independent construction contractors and equipment suppliers. Our purchases from the five largest suppliers in each year/period during the Track Record Period amounted to RMB171.3 million, RMB429.3 million, RMB344.2 million, and RMB40.9 million, representing 33.5%, 37.1%, 32.7% and 24.0% of our total purchases, respectively.

As of the Latest Practicable Date, for most of our projects that are in operation, and the majority of our customers, were situated in Hunan, with others located overseas. This geographic, and customer, 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. Our customers, which include 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 business operations and future prospects.

Our mode of operations

We operate under a combination of BOT, BOO, BOOT, and TOT models, the details of which are specified in the section headed "Business — Our mode of operations" in this Document.

The following table sets forth a breakdown of our total revenue by these four models for the periods indicated:

	For the years ended December 31,						For the three months ended March 31,	
	2023		2024		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
BOT	1,801,858	98.1	2,281,625	94.6	1,607,043	58.9	431,065	58.5
TOT	34,756	1.9	38,535	1.6	27,403	1.0	6,978	1.0
BOOT	–	–	54,959	2.3	699,162	25.6	175,108	23.8
BOO	–	–	35,736	1.5	397,100	14.5	123,202	16.7
Total revenue	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**736,353**	**100.0**

The decrease in revenue generated from projects under BOT model from 2024 to 2025 was primarily attributable to the decrease in revenue from construction services from RMB836.9 million in 2024 to RMB76.3 million in 2025, reflecting the completion of construction of our Liuyang and Pingjiang projects, which commenced operation in January 2025 and December 2024. The decrease in revenue generated from projects under TOT model from 2024 and 2025 was primarily attributable to the decrease in revenue from Pingjiang Landfill Project from RMB11.6 million in 2024 to no revenue in 2025, reflecting the commencement of the Pingjiang Waste-to-Energy Incineration Project (BOT) as the waste collected was sent to waste-to-energy incineration. The increase in revenue generated from projects under BOOT and BOO model from 2024 to 2025 was mainly attributable to the full-year revenue contribution from the Changsha Transfer Project (BOOT) and the Changsha Food Waste Project (BOO) in 2025, as compared with only one month of contribution in 2024 following the completion of the Acquisition of Renhe in November 2024.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Results of operations

The following table sets forth a summary of results of operations:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**
Direct costs and operating expenses	(896,507)	(48.8)	(1,410,177)	(58.5)	(1,228,086)	(45.0)	(321,594)	(46.1)	(319,602)	(43.4)
Gross profit[(1)]	**940,107**	**51.2**	**1,000,678**	**41.5**	**1,502,622**	**55.0**	**375,766**	**53.9**	**416,751**	**56.6**
Other revenue	107,092	5.8	107,952	4.5	117,144	4.3	28,455	4.1	24,679	3.4
Other net income	36,550	2.0	21,694	0.9	12,521	0.5	1,464	0.2	4,900	0.7
Administrative and selling expenses	(175,781)	(9.6)	(183,653)	(7.6)	(268,767)	(9.8)	(67,686)	(9.7)	(68,445)	(9.3)
Research and development costs	(57,004)	(3.1)	(63,811)	(2.6)	(89,860)	(3.3)	(14,667)	(2.1)	(16,904)	(2.3)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	(13,095)	(0.7)	(9,924)	(0.4)	(5,686)	(0.2)	(16,653)	(2.4)	18,896	2.6
Profit from operations	**837,869**	**45.6**	**872,936**	**36.2**	**1,267,974**	**46.5**	**306,679**	**44.0**	**379,877**	**51.6**
Finance costs	(135,185)	(7.4)	(110,257)	(4.6)	(116,493)	(4.3)	(26,190)	(3.8)	(33,099)	(4.5)
Share of (loss)/profit of an associate	–	–	(167)	–	4	–	33	–	1,613	0.2
Profit before taxation	**702,684**	**38.3**	**762,512**	**31.6**	**1,151,485**	**42.2**	**280,522**	**40.2**	**348,391**	**47.3**
Income tax	(49,888)	(2.7)	(76,264)	(3.2)	(157,467)	(5.8)	(44,564)	(6.4)	(43,516)	(5.9)
Profit for the year/period	**652,796**	**35.5**	**686,248**	**28.5**	**994,018**	**36.4**	**235,958**	**33.8**	**304,875**	**41.4**

Note:

1. Our revenue comprised (i) operational revenue from our projects; and (ii) those in relation to construction services. For a better understanding of our operational performance, the operating gross profit margins from our projects (i.e., revenue and gross profit generated from non-construction business) were of 62.9%, 63.6%, 56.6%, 57.8% and 58.5%, and similarly, the operating net profit margins from our projects (i.e., revenue and net profit generated from products/services other than construction) were 43.7%, 43.6%, 37.4%, 36.3% and 42.8% for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, respectively.

Profits for the year/period

For the year ended December 31, 2024, our Group's profit for the year increased to RMB686.2 million from RMB652.8 million, which was attributable to a 31.3% increase in revenue, which was partially offset by a 57.3% increase in direct costs and operating expenses, and a 52.9% increase in income tax expenses as certain subsidiaries' preferential tax policies had expired. For the year ended December 31, 2025, our Group's profit for the year increased to RMB994.0 million, mainly due to an increase in our total revenue as a result of the Acquisition of Renhe. For the three months ended March 31, 2025 and 2026, our Group's profit for the period increased from RMB236.0 million to RMB304.9 million, which was attributable to a 10.9% increase in gross profit driven by operation of our waste-to-incineration projects in Liuyang and Bishkek.

The accounting treatment for service concession agreements

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. For further information, please see the section headed "Financial Information – Impact of the accounting treatment for service concession arrangements" in this Document.

Gross profit margins and the influence of construction services

Our overall gross profit margins were 51.2%, 41.5%, 55.0% and 56.6% for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, respectively, the fluctuation of overall gross profit margins was mainly as a result of the fluctuation of the revenue contribution of revenue from construction services. However, our operating gross profit margins were relatively stable at 62.9%, 63.6%, 56.6% and 58.5% for the same periods, respectively.

Financial position

The following table sets forth a summary of our consolidated statements of financial position:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Current assets	2,812,866	4,207,067	5,078,510	5,388,476
Current liabilities	938,323	1,804,518	1,160,100	1,037,056
Net current assets	**1,874,543**	**2,402,549**	**3,918,410**	**4,351,420**
Non-current assets	6,788,992	9,788,317	9,482,507	9,344,612
Non-current liabilities	2,934,413	3,590,072	3,827,612	4,069,072
Net assets	**5,729,122**	**8,600,794**	**9,573,305**	**9,626,960**

Net assets

As of December 31, 2023 and 2024, our net assets increased from RMB5,729.1 million to RMB8,600.8 million. This increase was mainly attributable to (i) our profit for the year of RMB686.2 million; (ii) the acquisition of subsidiaries through the issuance of new shares, which increased our share capital by RMB105.6 million, capital reserve by RMB1,432.2 million, and non-controlling interests by RMB1,204.5 million; and (iii) the recognition of equity-settled share-based payments of RMB4.3 million. This was partially offset by (i) dividends declared and paid to non-controlling shareholders of subsidiaries of RMB217.0 million; and (ii) dividends paid to shareholders of our Company of RMB369.0 million.

As of December 31, 2024 and 2025, our net assets increased from RMB8,600.8 million to RMB9,573.3 million. This increase was mainly attributable to (i) our profit for the year of RMB994.0 million; (ii) a non-public issuance of A shares, which increased our share capital by RMB48.0 million and capital reserves by RMB696.4 million; (iii) the recognition of equity-settled share-based payments of RMB1.6 million; and (iv) capital contribution from non-controlling shareholders of our subsidiaries of RMB22.5 million. This was partially offset by (i) dividends declared and paid to non-controlling shareholders of subsidiaries of RMB223.0 million; (ii) dividends paid to shareholders of our Company of RMB507.3 million; and (iii) repurchase of ordinary A shares of RMB51.0 million.

As of December 31, 2025 and March 31, 2026, our net assets increased from RMB9,573.3 million to RMB9,627.0 million. This increase was mainly attributable to our profit for the period of RMB304.9 million which was partially offset by the repurchase of ordinary A shares amounting to RMB249.0 million.

Net current assets

Our net current assets increased from RMB1,874.5 million as of December 31, 2023 to RMB2,402.5 million as of December 31, 2024. This increase was mainly driven by an increase in cash and cash equivalents (from RMB861.4 million to RMB1,444.0 million). Moreover, our prepayments, trade and other receivables increased to RMB2,002.8 million, and our inventories also increased to RMB36.3 million, which was consistent with the ramp-up of new projects during the year.

Our net current assets increased from RMB2,402.5 million as of December 31, 2024 to RMB3,918.4 million as of December 31, 2025. This increase was mainly driven by (i) an increase of RMB830.2 million in financial assets at fair value through profit or loss; (ii) an increase of RMB321.4 million in other financial assets; (iii) a decrease of RMB642.5 million in trade and other payables. Such increase was partially offset by a decrease of RMB224.2 million in cash and cash equivalents and a decrease of RMB63.6 million in prepayments, trade and other receivables.

Our net current assets further increased to RMB4,351.4 million as of March 31, 2026. This increase was mainly driven by (i) an increase of RMB117.7 million in prepayments, trade and other receivables; (ii) an increase of RMB124.9 million in financial assets at fair value through profit or loss; and (iii) a decrease of RMB133.8 million in trade and other payables. Such increase was partially offset by an increase of RMB15.6 million in income tax payable and an increase of RMB3.1 million in contract liabilities.

Cash flows

The following table sets forth a summary of our consolidated cash flow statements:

	For the years ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Net cash generated from operating activities	868,733	971,097	1,699,239	148,110	235,751
Net cash (used in)/generated from investing activities	(160,212)	164,055	(1,931,007)	(994,804)	(200,096)
Net cash (used in)/generated from financing activities	(878,168)	(552,435)	7,887	784,356	(31,633)
Net (decrease)/increase in cash and cash equivalents	**(169,647)**	**582,717**	**(223,881)**	**(62,338)**	**4,022**
Cash and cash equivalents, beginning of the year/period	1,031,578	861,370	1,444,006	1,444,006	1,219,757
Effect of exchange rate changes on cash and cash equivalents	(561)	(81)	(368)	26	(2,872)
Cash and cash equivalents, end of the year/period	**861,370**	**1,444,006**	**1,219,757**	**1,381,694**	**1,220,907**

Key financial ratios

The following table sets forth a summary of our key financial ratios:

	As of/for the year ended December 31			As of/for the three months ended March 31,
	2023	2024	2025	2026
Return on equity[(1)]	11.6%	9.6%	10.9%	3.2%
Return on assets[(2)]	6.8%	5.8%	7.0%	2.1%
Gearing ratio[(3)]	46.4%	33.7%	31.5%	33.8%
Gross profit margin[(4)]	51.2%	41.5%	55.0%	56.6%
Net profit margin[(5)]	35.5%	28.5%	36.4%	41.4%
Dividend payout ratio[(6)]	71.8%	94.6%	70.2%	/

Notes:

(1) Return on equity is calculated based on the profit for the year/period divided by the arithmetic mean of the opening and closing balances of the total equity and multiplied by 100%.

(2) Return on assets is calculated based on the profit for the year/period divided by the arithmetic mean of the opening and closing balances of the total assets and multiplied by 100%.

(3) Gearing ratio is calculated based on total indebtedness (including bank borrowings, other borrowings and lease liabilities) divided by total equity and multiplied by 100%.

(4) Our overall gross profit margin equals to our overall gross profit for the year/period divided by revenue for the year/period and multiplied by 100%. Owing to the nature of our operations in this industry, the accounting treatment of our service concession agreements, our revenue comprised (i) operational revenue from our

projects; and (ii) those in relation to construction services. For a better understanding of our operational performance, our operating gross profit margins from our projects were of 62.9%, 63.6%, 56.6% and 58.5% for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively.

(5) Our overall net profit margin equals to our overall net profit for the year/period divided by revenue for the year/period and multiplied by 100%. Similarly, our operating net profit margins from our projects were 43.7%, 43.6%, 37.4% and 42.8% for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, respectively.

(6) Dividend payout ratio equals our dividends paid to the equity shareholders of our Company in respect of a financial year, divided by the profit attributable to the equity shareholders of our Company for the same year and multiplied by 100%.

[**REDACTED**]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (being the maximum [**REDACTED**]), will be approximately [**REDACTED**], after the deduction of [**REDACTED**] fees and commissions and estimated expenses payable by us in connection with the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised. In line with our future strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the following purposes assuming the [**REDACTED**] is fixed at [**REDACTED**] per [**REDACTED**] (being the maximum [**REDACTED**]): (i) we will use [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**], for our future projects in relation to integrated waste treatment and resource utilization in both overseas and China, of which approximately [**REDACTED**]% of the [**REDACTED**] will be used for civil engineering costs in relation to future waste-to-incineration power generation facilities, approximately [**REDACTED**]% will be used for purchasing and installing the necessary equipment in such facilities, and approximately [**REDACTED**]% will be used for project design and management; (ii) we will use [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**], to support our technological innovation efforts; and (iii) we will use [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**], for general corporate purposes, including working capital needs.

SUMMARY OF RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in the section headed "Risk Factors" in this Document. Some of the major risks we face include (i) our operations are influenced by the environmental protection and energy policies, laws and regulations of the governments of the countries in which we operate; (ii) failure to obtain, renew, or retain licenses, permits or approvals may affect our business; (iii) our operations may be affected by local policies, events, and economic conditions, particularly in Hunan Province; (iv) our overseas operations and development plans are subject to risks and restrictions; (v) any change or discontinuation of preferential tax treatment we currently enjoy would increase our tax charge; (vi) our results may fluctuate due to our accounting treatment with respect to service concession arrangements; and (vii) 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.

MAJOR ACQUISITION: THE ACQUISITION OF RENHE

Renhe Environment Technology, established in the PRC on November 23, 2011, is principally engaged in the collection, harmless treatment, and resource utilization of food waste. On March 3, 2023, our Company entered into an Agreement for the Purchase of Assets by Share Issue and Cash Payment with 19 counterparties, including Hunan Renjing, Hunan Renlian, Hong Yefan, Hunan Renyi, and Hu Shiti, to acquire a 63% equity interest in Renhe Environment Technology. The total consideration amounted to RMB2,196,810,000, comprising the issuance of 105,615,853 A Shares valued at RMB1,537,767,000 and a cash payment of RMB659,043,000. The valuation was determined through arm's length negotiation, taking into account our Company's average share price and an independent valuation report. The acquisition was executed through a combination of share issuance and cash payment, which were fully settled in November 2024 and January 2025, respectively. All necessary approvals, including that from the CSRC in July 2024, were obtained. Following the transaction, Renhe Environment Technology became a direct non-wholly owned subsidiary of our Company. This acquisition aligns with our strategic plan to expand into the food waste and household waste transfer sectors, strengthening our capabilities across the solid waste treatment value chain. For further information, please see the section headed "History, Development, and Corporate Structure — Major acquisitions — Major acquisitions during the Track Record Period" in this Document.

RECENT DEVELOPMENT

Subsequent to the Track Record Period up to the Latest Practicable Date, we had continued our business growth, with the continued ramping up of operational output and efficiencies of our clean waste-to-energy incineration project in Bishkek, Kyrgyzstan. In respect of our business expansion, we have entered into a waste supply agreement and a power purchase agreement in April 2026 in relation to a green energy and environmental services project with the local government authorities of Almaty, Kazakhstan succeeding the memorandum of understanding and an investment agreement entered into in July and August 2025, respectively. Pursuant to the waste supply agreement, the waste treatment capacity of the project is stipulated to be 2,000 tons per day. In addition, in April 2026, we received a notice of award for the Changsha Hexi Waste-to-Energy Incineration Power Plant Project (with a planned treatment capacity of 4,000 tons per day). Following the execution of an investment agreement, we further entered into a service concession agreement in relation to two green energy and environmental services projects in the Issyk-Kul Prefecture of Kyrgyzstan. In terms of the operational performance of our projects, as of the Latest Practicable Date, our waste-to-energy incineration projects had a combined treatment capacity of 10,600 tons per day; the projects within our Changsha Environmental Protection Industrial Park had a combined daily treatment capacity of 2,700 tons of leachate, 1,000 tons of sludge, and 215 tons of fly ash; our Liuyang fly ash treatment project had a daily treatment capacity of 42 tons of solidified material resulting from the chelation and stabilization of fly ash; our Changsha Transfer Project had a daily treatment capacity of 10,000 tons of household waste; and our Changsha Food Project had a daily treatment capacity of 1,200 tons of food waste.

Summary of Unaudited Financial Information for the Six Months Ended June 30, 2026

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as of and for the six months ended June 30, 2026 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS 34, *Interim Financial Reporting,* as of and for the six months ended June 30, 2026 in Appendix IA to this document. Our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2026 has been reviewed by our reporting accountants in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The members of the Board, including those of the Audit Committee, have received and reviewed the unaudited interim condensed consolidated financial information of our Group for the six months ended June 30, 2026, as set out in Appendix IA to this document. We have complied with the code provisions in Part 2 of Appendix C1 to the Listing Rules. We are not in breach of our Articles of Association or laws and regulations of the PRC or other regulatory requirements regarding our obligation to distribute interim reports in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we do not intend to distribute a separate interim report in respect of the six months ended June 30, 2026 under the aforementioned Rule.

Our revenue increased by 5.6% from RMB1,468.4 million for the six months ended June 30, 2025 to RMB1,550.4 million for the six months ended June 30, 2026. Our gross profit increased by 10.0% from RMB805.7 million for the six months ended June 30, 2025 to RMB886.1 million for the six months ended June 30, 2026, and our overall gross margin increased from 54.9% to 57.2% during the same period. Our profit for the period increased by 8.6% from RMB544.1 million for the six months ended June 30, 2025 to RMB591.0 million for the six months ended June 30, 2026. See "Appendix IA — Unaudited Interim Financial Information" and "Financial Information — Recent Development and No Material Adverse Change — Summary of Unaudited Financial Information for the Six Months Ended June 30, 2026."

No material adverse change

Our Directors confirm that, up to the date of this Document, there had been no material adverse change in our business, financial condition and results of operations since March 31, 2026, which is the end date of the period reported on in the Accountants' Report as set out in Appendix I to this Document, and there is no event since March 31, 2026 which would materially affect the information in the Accountants' Report as set out in Appendix I to this Document.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders, namely Mr. Dai, Ms. Li, Junxin Group and Daoxin Investment, are entitled to control approximately 64.92% of our total issued share capital. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]), our Controlling Shareholders will, directly and indirectly, continue to control in aggregate approximately [**REDACTED**]% of our total issued share capital.

For further details about our Controlling Shareholders, please refer to the section headed "Relationship with our Controlling Shareholders" in this Document.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since April 13, 2022, our A Shares have been listed on the Shenzhen Stock Exchange. Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause it to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange in any material respect.

DIVIDEND AND DIVIDEND POLICY

Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》), as well as our Articles of Association, specific dividend ratio is determined by our Board in accordance with applicable regulations and our operating conditions, and is subject to consideration and approval at our general shareholders' meeting. See "Financial Information — Dividend and Dividend Policy".

Our dividend policy is that where our Group records a profit for the year and has positive undistributed profits on a cumulative basis, and provided that such distribution does not compromise our ability to continue operations and support long-term development, we will distribute no less than 50% of the profit attributable to equity shareholders of our Company (as shown in the consolidated financial statements) in the form of cash dividends for that year, unless there are significant investment plans or major cash expenditure arrangements in place (excluding projects funded by proceeds from fundraising activities). See "Financial Information — Dividend and Dividend Policy". Apart from above, we currently do not have any other formal dividend policy or set other payout ratio target. As of the Latest Practicable Date, our Group has no unpaid dividends, and no foreseeable material changes have been identified.

Future profit distributions may be made in the form of cash dividends, stock dividends, or a combination of both. Any proposed distribution is subject to the discretion of our Board and approval at our shareholders' meetings. In making such recommendations, our Board will consider a range of factors including our operating results, financial condition, business needs, capital requirements, shareholders' interests, and any other factors it deems relevant.

For the years ended December 31, 2023, 2024 and 2025, the dividends of RMB369.0 million, RMB369.0 million and RMB507.3 million in respect of the years ended December 31, 2022, 2023, and 2024, were declared and paid, respectively. Our dividend payout ratios for the years ended December 31, 2023, 2024 and 2025 were 71.8%, 94.6% and 70.2%, respectively. On April 21, 2026, we held the Annual General Meeting of 2025 and approved a proposal by our Board of Directors to distribute a dividend of RMB6.53 per 10 shares based on the then total share capital of 789,100,842 shares, excluding 18,889,311 shares cumulatively repurchased and held in our

repurchased securities account, totaling RMB502.9 million, with no bonus shares to be issued and no conversion of capital reserves into share capital to be made. As of the Latest Practicable Date, we had paid the dividend of RMB502.9 million. For further information, please refer to Note 28 of the Accountants' Report in Appendix I to this Document.

[**REDACTED**] STATISTICS

	Based on the maximum [REDACTED] of [REDACTED] per H Share
[**REDACTED**] of our H Shares[(1)(2)]	HKD[**REDACTED**]
[**REDACTED**] of our Shares upon completion of the [**REDACTED**][(1)(3)]	HKD[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share[(4)]	HKD[**REDACTED**]

Notes:

(1) All statistics in the table are based on the assumption that the [**REDACTED**] is not exercised.

(2) The calculation of [**REDACTED**] of our H Shares is based on the assumption that [**REDACTED**] H Shares will be in issue immediately upon completion of the [**REDACTED**].

(3) The calculation of the [**REDACTED**] of our Shares upon the completion of the [**REDACTED**] is based on [**REDACTED**] H Shares that will be in issue immediately after the completion of the [**REDACTED**] and the total share capital of 770,211,531 A Shares as at the Latest Practicable Date (excluding 18,889,311 treasury shares resulting from the repurchase of A shares up to the Latest Practicable Date), with an average of RMB12.98 during the five trading days of A Shares immediately preceding the Latest Practicable Date.

(4) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is arrived on the basis of [**REDACTED**] Shares (of which the calculation takes into account the number of Shares as of March 31, 2026 but excludes 18,889,311 Shares repurchased by the Company during the Track Record Period (as set out in Note 28(d)(iv) of "Appendix I — Accountants' Report" to this document) and [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**]), without taking into account any Shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**] or any Shares which have been or may be repurchased subsequent to March 31, 2026.

No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of the Company to reflect any trading results or other transactions of the Group subsequent to March 31, 2026. In particular, the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of the Company have not been taken into account the final dividend approved on April 21, 2026. Had the final dividend been approved on March 31, 2026, the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of the Company as at March 31, 2026 would have decreased by RMB502,948,000 and the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share as at March 31, 2026 would have decreased by RMB0.52 or HKD0.60.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Assuming the [**REDACTED**] is not exercised and based on the maximum [**REDACTED**] of [**REDACTED**] per [**REDACTED**], [**REDACTED**] to be borne by us are estimated to be HK$[**REDACTED**], comprising: (i) [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy of HK$[**REDACTED**]; and (ii) non-[**REDACTED**] related expenses of HK$[**REDACTED**], which are further categorized into: (a) fees and expenses of legal advisers and reporting accountants of HK$[**REDACTED**]; and (b) other fees and expenses of HK$[**REDACTED**]. Among the estimated aggregate amount of our estimated [**REDACTED**], (i) HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, of which HK$[**REDACTED**] was recognized as our profit or loss during the Track Record Period; and (ii) HK$[**REDACTED**] is directly attributable to the [**REDACTED**] of the [**REDACTED**] in the [**REDACTED**] and is expected to be accounted for as a deduction from equity upon [**REDACTED**] in accordance with relevant accounting standards. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the maximum [**REDACTED**]) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms".

"Acquisition of Renhe"	the acquisition as stated in "History, Development, and Corporate Structure — Major Acquisitions — Major Acquisition during the Track Record Period" in this Document, with "Renhe" as a collective term for the subsidiaries that were acquired in the same transaction
"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"A Share Offering"	the initial public offering of 68,340,000 A Shares in the PRC and the listing of our A Shares on the Shenzhen Stock Exchange on April 13, 2022
"A Shareholder(s)"	holder(s) of our A Share(s)
"Accountants' Report"	the accountants' report of our Group for the Track Record Period as set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AIC Agreement"	the acting-in-concert agreement entered into between Mr. Dai and Ms. Li on October 12, 2020, as further described in the section headed "History, Development and Corporate Structure — Acting in concert" in this Document
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix V to this Document
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"Corporate Governance Code", or "CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"China" or "PRC"	the People's Republic of China, except where the content or context requires otherwise
"close associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	湖南軍信環保股份有限公司 (Hunan Junxin Environmental Protection Co., Ltd.), a limited liability company established in the PRC on September 22, 2011 and converted into a joint stock company with limited liability on April 25, 2017, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 301109.SZ)
"connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Dai, Ms. Li, Junxin Group and Daoxin Investment, or, where the context so requires, any of them
"core connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"CSRC"	The China Securities Regulatory Commission (中國證券監督管理委員會)
"CWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Daoxin Investment"	湖南道信投資諮詢合夥企業(有限合夥) (Hunan Daoxin Investment Consulting Partnership (Limited Partnership)*), a limited partnership established in the PRC on August 10, 2020 of which Mr. Dai is the sole general partner, and one of our Controlling Shareholders
"Director(s)"	the director(s) of our Company

"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"ESG"	environmental, social and governance
"EU"	the European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"F&S"	Frost & Sullivan
	[**REDACTED**]
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
	[**REDACTED**]
"Group", "our Group", "we", "us" or "our"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, to be [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"HK$", "Hong Kong dollars", or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
	[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

[**REDACTED**]

"Hunan Renjing"	湖南仁景商業管理有限公司 (Hunan Renjing Business Management Co., Ltd.*), a limited liability company established in the PRC on November 19, 2020 and ultimately controlled by Mr. Hong Yefan (洪也凡)
"Hunan Renlian"	湖南仁聯企業發展有限公司 (Hunan Renlian Enterprise Development Co., Ltd.*), a limited liability company established in the PRC on September 13, 2017 and ultimately controlled by Mr. Hong Yefan (洪也凡)
"Hunan Renyi"	湖南仁怡企業管理合夥企業(有限合夥) (Hunan Renyi Enterprise Management Partnership (Limited Partnership)*), a limited partnership established in the PRC on December 9, 2020 of which Hunan Renjing is the sole general partner
"IFRIC 12"	IFRIC 12 Service Concession Arrangements issued by the International Accounting Standards Board
"IFRS"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Hong Kong Listing Rules

[**REDACTED**]

"International Sanctions"	the rules and regulations related to economic sanctions and export controls programs administered by the United States, the European Union, the United Nations, the United Kingdom and Australia

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors", [**REDACTED**]	the joint sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], and [**REDACTED**] as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this Document
"Junxin (Almaty)"	Junxin Environmental Protection (Almaty) Limited Company*, a limited liability company incorporated in Almaty, Kazakhstan on July 29, 2025 and an indirect wholly-owned subsidiary of our Company
"Junxin (Hongkong) International"	Junxin Environmental Protection Corporation (Hongkong) International Limited (軍信環保股份(香港)國際有限公司), a limited liability company incorporated in Hong Kong on May 2, 2024 and a direct wholly-owned subsidiary of our Company
"Junxin (Issyk-Kul)"	Junxin Environmental Protection (Issyk-Kul) Co., LLC*, a limited liability company incorporated in Issyk-Kul Prefecture, Kyrgyzstan on September 22, 2025 and an indirect wholly-owned subsidiary of our Company
"Junxin (Kyrgyzstan)"	LLC JUNXIN HUANBAO KG INVEST*, a limited liability company incorporated in Kyrgyzstan on March 13, 2024 and an indirect wholly-owned subsidiary of our Company
"Junxin (Mongolia)"	Junxin Environmental Protection (Mongolia) Energy Development Limited Liability Company*, a limited liability company incorporated in Mongolia on March 20, 2025 and an indirect wholly-owned subsidiary of our Company
"Junxin Group"	湖南軍信環保集團有限公司 (Hunan Junxin Environmental Protection Group Co., Ltd.*), a limited liability company established in the PRC on December 12, 2006 and one of our Controlling Shareholders
"Kyrgyzstan"	the Kyrgyz Republic
"Latest Practicable Date"	September 7, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Liuyang Junxin"	湖南瀏陽軍信環保有限公司 (Hunan Liuyang Junxin Environmental Protection Co., Ltd.*), a limited liability company established in the PRC on March 21, 2023 and a direct non-wholly owned subsidiary of the Company
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Minority Shareholders' Undertakings"	the undertakings issued by each of the minority shareholders of Junxin Group, namely He Yingpin (何英品), He Jun (何俊), Guan Qiong He (何冠瓊) and Cao Weiling (曹維玲), on February 28, 2021, as further described in the section headed "Relationship with our Controlling Shareholders" in this Document
"MOF" or "Ministry of Finance"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Dai"	Mr. Dai Daoguo (戴道國), the chairman of the Board, our executive Director and one of our Controlling Shareholders
"Ms. Li"	Ms. Li Xiaochun (李孝春), the mother-in-law of Mr. Dai and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"Pingjiang Junxin"	湖南平江軍信環保有限公司 (Hunan Pingjiang Junxin Environmental Protection Co., Ltd.*), a limited liability company established in the PRC on July 31, 2012 and a direct wholly-owned subsidiary of the Company
"PPP"	Public-private partnerships
"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles in mainland China
"PRC Government" or "State"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Grandall Law Firm (Changsha), the legal advisor of our Company as to the PRC laws

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Proxy Grantors"	Hong Yefan (洪也凡), Hunan Renlian, Hunan Renjing, Hunan Renyi, and each of them being a "Proxy Grantor" under the Voting Rights Proxy Agreement
"Puxiang Bioenergy"	浦湘生物能源股份有限公司 (Puxiang Bioenergy Co., Ltd.*), a limited liability company established in the PRC on December 28, 2015 and a direct non-wholly owned subsidiary of the Company

"Puxiang Environmental Energy"	湖南浦湘環保能源有限公司 (Hunan Puxiang Environmental Protection Energy Co., Ltd.*), a limited liability company established in the PRC on April 23, 2019 and a direct non-wholly owned subsidiary of the Company
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Renhe Environmental Industry"	湖南仁和環境產業有限公司 (Hunan Renhe Environmental Industry Co., Ltd.*), a limited liability company established in the PRC on August 18, 2020 and an indirect non-wholly owned subsidiary of the Company
"Renhe Environment Technology"	湖南仁和環境科技有限公司 (Hunan Renhe Environmental Technology Co., Ltd.*), a limited liability company established in the PRC on November 23, 2011 and a direct non-wholly owned subsidiary of the Company
"Renhe Environmental Protection"	湖南仁和環保科技有限公司 (Hunan Renhe Environmental Protection Technology Co., Ltd.*), a limited liability company established in the PRC on July 1, 2004 and an indirect non-wholly owned subsidiary of the Company
"Renhua Environment Technology"	長沙仁華環保科技有限公司 (Changsha Renhua Environmental Protection Technology Co., Ltd.*), a limited liability company established in the PRC on March 17, 2016 and an indirect non-wholly owned subsidiary of the Company
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Securities Law"	the Securities Law of the People's Republic of China (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"SFC" or "Securities and Futures Commission"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"Shenzhen Stock Exchange Listing Rules"	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (深圳證券交易所股票上市規則) as amended, supplemented or otherwise modified from time to time
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy and ESG Committee"	the strategy and environmental, social, and governance committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Track Record Period"	the financial years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026
"Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法), promulgated by the CSRC on 17 February 2023
"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. dollars", "US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
	[**REDACTED**]
"VAT"	value-added tax

"Voting Rights Proxy Agreement"	the voting rights proxy agreement entered into between the Proxy Grantors and Mr. Dai on June 26, 2023, as further describe in the section headed "History, Development and Corporate Structure — Voting Rights Proxy Agreement" in this Document
"%"	per cent

Unless otherwise specified, in this Document:

1. *For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.*

2. *Certain amounts and percentage figures included in this Document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.*

* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this Document in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

Almaty Project	A proposed project in relation to solid waste treatment and energy generation, to be located in Almaty, Kazakhstan, which is in our pipeline of projects
Anaerobic digestion	Breaking down organic material without oxygen to produce biogas
Biogas	Combustible gas produced from organic waste during anaerobic digestion
Bishkek Project	The Bishkek City Waste Technology Disposal Power Generation Project
BOO	Build-own-operate
BOOT	Build-own-operate-transfer
BOT	Build-operate-transfer
Bottom ash	The residual ash directly discharged from the furnace bed after the incineration of domestic waste, and the ash and slag discharged from the superheater and economizer, which can be used in construction after resource utilization
CCHP	Combined cooling, heat and power, i.e., a system that simultaneously produces electricity, heating, and cooling
Changsha Food Waste Project	The Changsha City Food Waste Treatment Project
Changsha Transfer Project	The Changsha City No. 1 Waste Transfer and Treatment Station Project
Changsha Waste-to-Energy Incineration Project (phase I)	Changsha City Household Waste Comprehensive Treatment (Clean Incineration) Project
Changsha Waste-to-Energy Incineration Project (phase II)	Changsha City Sewage Treatment Plant Sludge and Household Waste Clean Incineration Integrated Disposal Phase II Project
Clean waste-to-energy incineration	Burning waste to generate electricity with minimal environmental impact
Co-incineration	Burning two or more types of waste together, such as sludge and solid waste
Concession agreement	A contract under which the government grants the right to operate a certain municipal public product or provides service within a certain geographical area for a specified period

GLOSSARY OF TECHNICAL TERMS

Concession-based model	A business model where a company operates infrastructure under a government license
Digital twin	Develop a dynamic digital virtual model that synchronizes with a real-world entity via the sensor data of a physical model and real-time interaction
Distributed energy	An energy system that generates electricity and provides heat with a small-scale equipment close to the point of use
Flue gas	Exhaust gas from combustion processes
Flue gas purification	Removing pollutants from exhaust gases before release
Fly ash	Substances collected by the flue gas purification system and the bottom ash settled at the bottom of the flue and chimney
Fly ash treatment	Processing fly ash for reuse or safe disposal
Furnace	A device for incinerating domestic waste by mechanical stratified combustion
Grate incinerator	A critical component in modern waste management systems, designed to handle large volumes of solid waste efficiently
Hazardous waste	The solid wastes that are listed in the National Hazardous Waste Catalogue or identified as having hazardous characteristics in accordance with the national hazardous waste identification standards and methods
High-temperature anaerobic digestion	Anaerobic digestion is generally classified into mesophilic anaerobic digestion and thermophilic anaerobic digestion. Thermophilic anaerobic digestion refers to an anaerobic digestion process conducted at a temperature of 55~58°C
Impurity separation	Removing non-organic materials from food waste
Incineration	Burning waste at high temperatures to reduce volume and generate energy
Industrial-grade mixed oil	Oil recovered from food waste for industrial or energy use
Issyk-Kul Project	The proposed Issyk-Kul Region Waste Technology Disposal Project, which is in our pipeline of projects
Leachate	Contaminated liquid that drains from waste, which is a part of sewage
Leachate treatment	Processing contaminated liquid from waste to make it safe for discharge or reuse
Liuyang Waste-to-Energy Incineration Project	The Liuyang City Household Waste Incineration Power Generation Project

GLOSSARY OF TECHNICAL TERMS

Load rate	The ratio of actual waste treated to the facility's design capacity
MBR	Membrane bioreactor, i.e., a system combining biological treatment and membrane filtration for wastewater
Nanofiltration	A pressure-driven membrane separation process that falls between reverse osmosis and ultrafiltration
Oil-water separation	Extracting oil from food waste slurry
Osh City Project	The proposed Osh City Waste Technology Disposal Project, which is in our pipeline of projects
Pingjiang Waste-to-Energy Incineration Project	Pingjiang County Municipal Sludge and Household (Food) Waste Incineration Power Plant Project
Project lifecycle	The stages from project development to operation and transfer
Reverse Osmosis	A membrane separation process that uses pressure difference as the driving force to separate the solvent from a solution
Sludge cake	Dewatered sludge with reduced moisture content
Sludge treatment	Processing semi-solid waste from sewage for safe disposal or reuse
SNCR	Selective non-catalytic reduction i.e., a method to reduce nitrogen oxides in flue gas using urea or ammonia
Steam turbine generator	A device that converts steam energy into electricity
Thermal hydrolysis	A pretreatment or reaction process that uses high temperature and pressure to hydrolyze and break down complex organic matter
Three-phase separation	Separating food waste slurry into oil, water, and solids
TOT	Transfer-operate-transfer
Turbine generator set	A mechanical device that converts mechanical energy into electrical energy using a turbine and a generator
Wangcheng District Waste Transfer Project	The proposed Changsha City Wangcheng District Household Waste Transfer Station Project, which is in our pipeline of projects
Waste heat boiler	A boiler that uses heat from flue gas to generate steam

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements, i.e., statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future.

This Document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. 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 our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in the sections headed "Risk Factors", "Business", "Financial Information" and other sections in this Document. You should read thoroughly this Document with the understanding that our actual future results may be materially different from and worse than what we expect.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies, plans, objectives and goals, and our ability to implement such strategies, plans, objectives and goals;
- our future business development, financial conditions, and results of operations;
- our ability to acquire new favorable projects and secure the necessary service concession agreements;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the future developments and competitive environment in our industry;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in China and internationally;
- our ability to maintain, protect, and enhance our intellectual property;
- margins, overall market trends, risk management and exchange rates;
- the actions and developments of our competitors;
- capital market development;
- other statements in this Document that are not historical fact; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution [**REDACTED**] against placing undue reliance on any such statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Hong Kong Listing Rules, we undertake no responsibility to update any forward-looking statement or statements to reflect events or

circumstances after the date on which such statement is made or to reflect the occurrence of any subsequent unanticipated event. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

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

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;

- 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.

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.

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.

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.

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

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

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.

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 tenderee. 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

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.

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.

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

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.

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).

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

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税法》) 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税法》), 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 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》), 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税的通知》) 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税有關問題的通知》), 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.

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

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**].

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.

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

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.

In preparation for the [**REDACTED**], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

As such, we have applied to the Stock Exchange for, and the Stock Exchange [has granted us] a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

(a) our Company has appointed Mr. Dai Daoguo and Mr. Qin Shishun as the authorized representatives (the "**Authorized Representatives"**, each an "**Authorized Representative**") pursuant to Rule 3.05 of the Listing Rules, and they will serve as the principal channel of communication of our Company with the Stock Exchange and ensure that our Company will comply with the Listing Rules at all times. The Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the Authorized Representatives has been duly authorized to communicate on behalf of our Company with the Stock Exchange;

(b) our Company will only change the Authorized Representatives after notifying the Stock Exchange of such change and having made an appropriate replacement;

(c) each of the Authorized Representatives has access to all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matter. Each of the Directors has provided his/her mobile phone number, office phone number, facsimile number and email address to the Stock Exchange and the Authorized Representatives. In the event that a Director expects to travel or is otherwise out of office, he/she will provide the telephone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile telephone;

(d) our Company has appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), pursuant to Rule 3A.19 of the Listing Rules, who has access at all times to the Authorized Representatives, Directors, senior management and other officers of the Company and will act as the additional channel of communication of the Company with the Stock Exchange. The Compliance Adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing from the [**REDACTED**] at least until the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the Company's financial results for the first full financial year after the [**REDACTED**];

(e) meetings between the Stock Exchange and the Directors can be arranged through the Authorized Representatives or the Compliance Adviser or directly with the Directors within a reasonable period of time; and

(f) each of our Directors (including the independent non-executive Directors) who is not ordinarily resident in Hong Kong has or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the laws of Hong Kong); or

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the laws of Hong Kong).

Note 2 to Rule 3.28 of the Hong Kong Listing Rules further provides that in assessing "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, the CWUMPO and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules (i.e. not less than 15 hours of relevant professional training in each financial year); and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Qin Shishun ("**Mr. Qin**"), who is an executive Director, secretary of the Board and a deputy general manager of our Company, as one of our joint company secretaries. Although Mr. Qin does not possess the qualification and sufficient relevant experience as stipulated in the Notes to Rule 3.28 of the Hong Kong Listing Rules, we would like to appoint him as our joint company secretary due to his management experience within our Group and his thorough understanding of the internal administration and business operations of our Group. In addition, we have appointed Ms. Lai Janette Tin Yun ("**Ms. Lai**"), who fulfils the requisite qualification as required under Note 1 to Rule 3.28 of the Hong Kong Listing Rules, to act as our other joint company secretary and to assist Mr. Qin. Please see the section headed "Directors and Senior Management" in this Document for further information regarding the qualifications and experience of Mr. Qin and Ms. Lai.

Apart from discharging her functions in her role as one of our joint company secretaries, Ms. Lai will assist Mr. Qin in enabling him to acquire the relevant company secretary experience as required under Rule 3.28 of the Hong Kong Listing Rules and to become familiar with the requirements of the Hong Kong Listing Rules and other applicable Hong Kong laws. In addition, Mr. Qin will also attend relevant professional training during each financial year as required under Rule 3.29 of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance of Rules 3.28 and 8.17 of the Hong Kong Listing Rules in respect of the appointment of Mr. Qin as one of our joint company secretaries pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. Qin must be assisted by Ms. Lai, who possesses the qualifications and experience required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary of our Company throughout the validity period of the waiver;

(b) the waiver is valid for an initial period of three years commencing from the [**REDACTED**] and will be revoked immediately if Ms. Lai ceases to provide such assistance or if there are material breaches of the Hong Kong Listing Rules by our Company; and

(c) before the end of the three-year period, the qualifications and experience of Mr. Qin and the need for on-going assistance of Ms. Lai will be further evaluated by our Company. Our Company must then demonstrate and seek the Hong Kong Stock Exchange's confirmation that Mr. Qin, having had the benefit of the assistance of Ms. Lai for the immediately preceding three years, has attained the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) and is capable of discharging the functions of company secretary so that a further waiver will not be necessary. Our Company understands that the Hong Kong Stock Exchange may revoke the waiver if Ms. Lai ceases to provide assistance to Mr. Qin during the three-year period.

[**REDACTED**]

WAIVERS

[**REDACTED**]

WAIVERS

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors:		
Mr. Dai Daoguo (戴道國)	Room 406 Building 7, Meiling Village No. 22 Shaoshan South Road Tianxin District Changsha Hunan Province the PRC	Chinese
Mr. Leng Chaoqiang (冷朝強)	Room 705 Gate 3 Building 4 No. 273 San Yi Avenue Kaifu District Changsha Hunan Province the PRC	Chinese
Mr. Hu Shiti (胡世梯)	Room 3102 Building 3-2, Canglong Residence No. 188 Hongshan Road Kaifu District Changsha Hunan Province the PRC	Chinese
Mr. Qin Shishun (覃事順)	Room 302 Building 31-1, No. 1 Zhujiang Licheng Gongyuan Shengshi Road Kaifu District Changsha Hunan Province the PRC	Chinese
Mr. Dai Bin (戴彬)	Room 0401 Building 21, Zone B, Bafang Estate Yuelu District Changsha Hunan Province the PRC	Chinese
Non-executive Director:		
Mr. He Yingpin (何英品)	Room 201 Gate 1 Building 5 No. 18 Shahu Village Tianxin District Changsha Hunan Province the PRC	Chinese

Name	Address	Nationality
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Further information about our Directors are set out in the section headed "Directors and Senior Management" in this Document.

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[**REDACTED**]

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CORPORATE INFORMATION

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Company's Website	**www.junxinep.com** *(A copy of this Document is available on the Company's website. Except for the information contained in this Document, none of the other information contained on the Company's website forms part of this Document)*
Joint Company Secretaries	Mr. Qin Shishun (覃事順) Room 302 Building 31-1, No. 1 Zhujiang Licheng Gongyuan Shengshi Road Kaifu District Changsha Hunan Province the PRC Ms. Lai Janette Tin Yun (賴天恩) *(a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1915, 19/F Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong
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Nomination Committee	Mr. Lan Libo (蘭力波) *(chairperson)* Mr. Dai Daoguo (戴道國) Dr. Dai Tagen (戴塔根) Dr. Li Yi (黎毅)
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Strategy and ESG Committee	Mr. Dai Daoguo (戴道國) *(chairperson)* Mr. He Yingpin (何英品) Mr. Leng Chaoqiang (冷朝強) Mr. Hu Shiti (胡世梯) Dr. Dai Tagen (戴塔根)

[**REDACTED**]

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	Industrial and Commercial Bank of China **Changsha Simenkou Branch** No. 77, Cai E South Road Dingwangtai Street Furong District Changsha Hunan Province the PRC

The data and statistics provided in this section and other sections of the document are extracted from the Frost & Sullivan report that we commissioned, as well as various government publications and other publicly available sources. We engaged Frost & Sullivan to prepare an independent industry report related to the [**REDACTED**]*, known as the Frost & Sullivan report. We believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from government sources has not been independently verified by us, the Joint Sponsors, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of the* [**REDACTED**]*, any of their respective directors, advisors or any other party involved in the* [**REDACTED**] *and no representation is given as to its accuracy.*

SOURCE AND RELIABILITY OF DATA

We have commissioned F&S, an independent market research and consulting company, to conduct an analysis of China's green technology, clean waste-to-energy incineration, and resource utilisation industries. F&S is an independent global consulting firm, founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. It has over 40 offices worldwide with over 2,000 industry consultants, market research analysts, and economists. We commissioned Frost & Sullivan for a total fee of RMB550,000 in connection with the preparation of the market research report (the "**Frost & Sullivan Report**"). We have included certain information from the Frost & Sullivan Report in this document to provide our potential [**REDACTED**] with a more comprehensive understanding of the industries in which we operate.

During the preparation of the Frost & Sullivan Report, F&S performed both (i) primary research, which involved in-depth interviews with leading industry participants and industry experts; and (ii) secondary research, which involved review of company reports, independent research reports and data based on F&S's own research database. Projected data was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's economy is likely to maintain a steady growth in the next decade; (ii) China's social, economic and political environment is likely to remain stable in the forecast period from 2025 to 2029, which ensures the stable and healthy development of China's solid waste processing industries.

After taking reasonable care and based on F&S's views, our Directors confirm that there has been no adverse change in the market data since the date of the Frost & Sullivan Report up to the Latest Practicable Date, which may qualify, contradict, or have an adverse impact on the data contained in this section.

SOLID WASTE PROCESSING AND RESOURCE UTILIZATION MARKET

1. Introduction to solid waste processing and resource utilization

Solid waste is typically divided into five categories: (i) household waste, including recyclables and food waste, treated through incineration and landfill; (ii) general industrial solid waste, such as slag and waste residue, often handled through resource recovery or safe disposal; (iii) construction waste, managed through recycling and landfill; (iv) hazardous waste, which poses environmental and health risks and requires special treatment such as incineration or chemical processing; and (v) agricultural waste, including crop residues and manure, which is biodegradable and managed through recycling and harmless treatment. Household waste is the most common solid waste generated in daily life. It contains a large amount of combustible material which, after proper sorting, can be converted into fuel for waste-to-energy incineration. Food waste is rich in organic matter and fats, making it a key raw material for biogas power generation and the extraction of industrial-grade mixed oils. The scale of waste-to-energy incineration and food waste resource utilisation is steadily expanding and has now become an important component of the green energy sector.

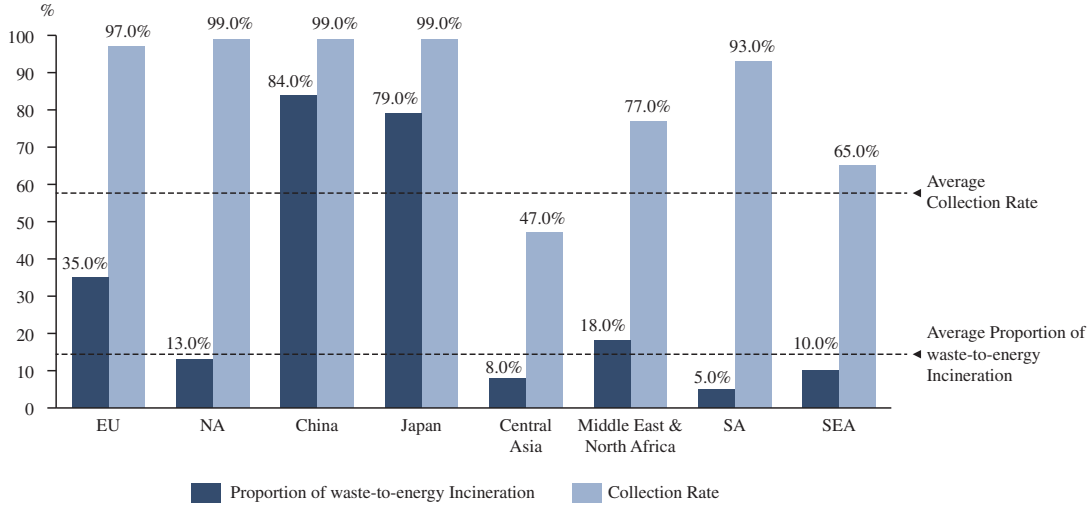
2. Current status and trends in the global solid waste treatment industry

The global market holds significant potential, but development is uneven across regions, showing a trend of technology and expertise flowing from mature markets to emerging ones.

With population growth and economic development, the volume of various types of solid waste continues to rise globally. Taking household waste as an example, global household waste generation increased from 1,894.1 million tonnes in 2020 to 2,290.0 million tonnes in 2025, and is projected to reach 2,718.6 million tonnes by 2030. Emerging markets–particularly Central Asia, the Middle East, Southeast Asia, and South America–are the main drivers of this growth. These regions generally have low household waste collection rates and incineration ratios, with overall disposal capacity and resource utilisation levels falling significantly below the global average. For instance, in Central Asia, the current waste collection rate is below 50%, and the incineration ratio is only 8%, meaning most waste cannot enter formal disposal systems or receive proper treatment, posing potential risks to environmental pollution and public health safety.

Against the backdrop of rising solid waste generation in emerging markets, existing treatment capacity is insufficient to meet future development needs, resulting in a significant market gap. In this context, players from mature markets are leveraging their established technologies and operational experience in areas such as household waste incineration, food waste resource utilisation, and sludge co-treatment to gradually build standardised export systems for emerging markets, covering the full cycle from design, construction, commissioning to operation. Compared to European and American counterparts who often rely on customised designs and local engineering teams for delivery, leading Chinese enterprises demonstrate higher project execution efficiency under EPC general contracting and BOT/BOO models. Especially in emerging markets facing financial constraints and weak infrastructure, Chinese companies' mature operational capabilities and rapid implementation solutions are proving more attractive.

Household Waste Collection Rates and Waste Incineration Ratios Globally, 2025



Source: United Nations Environment Program, International Solid Waste Association, Frost & Sullivan

Note: In some North American and European countries, the waste incineration rate is relatively low, mainly due to two factors: 1) Land resources available for the construction of landfills are abundant and landfill costs are low, making landfill still the primary treatment method; 2) Recycling systems are well-developed, resulting in a higher proportion of recyclables and a relatively smaller volume of waste entering the incineration process.

Leading enterprises are driving industry upgrades by expanding their involvement across the value chain, leveraging advantages in scale and efficiency.

Progressing towards integrated treatment of multiple types of solid waste. In mature solid waste treatment markets, operations are shifting from single-process management to comprehensive systems covering collection, sorting, transportation, treatment, and resource utilisation. This transformation is being led by top-tier enterprises with scale and technological advantages. Integrated and coordinated treatment combines the processing of household waste, food waste, sludge, and leachate concentrates, enabling centralised configuration and efficient utilisation, thereby improving economic returns and overall management efficiency.

Progressing towards diversified revenue models. Different types of solid waste vary in treatment methods and profit mechanisms. For example, industrial and hazardous waste sectors rely on specialised, high-certification treatment providers that implement differentiated pricing, while household waste treatment primarily depends on government subsidies for waste processing and revenue from waste-to-energy incineration. In addition to government subsidies, waste-to-energy income, and heating revenue, kitchen waste treatment within household waste management is gradually forming a distinct resource utilisation track. Enterprises generate income through industrial-grade mixed oil sales and biogas power generation, effectively expanding their profit potential.

Progressing towards exporting technological capabilities. In the mature markets where leading companies operate — such as China — the waste-to-energy market in large and medium-sized cities has become saturated, while there is still room for growth in county-level areas. In the 2024 State Council's Office Opinion on Accelerating the Development of a Waste Recycling System, it was proposed to 'accelerate the construction of urban household waste treatment facilities and address the gaps in waste-to-energy capacity in county-level regions'. This opens up opportunities for companies with mature operational management systems to expand their business domestically through light-asset models such as technology and operations outsourcing.

3. Opportunities

Green energy has broad development potential: Waste-to-energy incineration plants operate with stable loads and long operating times, offering significant opportunities for energy synergy and expansion. Waste-to-energy incineration plants typically have high land-use efficiency and favourable grid access conditions, allowing for energy complementarity with distributed photovoltaic systems, effectively reducing the plant's own electricity costs. In addition, measures such as transferring residual heat to regional heating networks reflect the diverse downstream applications of waste incineration.

Industrial-grade mixed oil and biodiesel have strong demand potential: The energy recovery pathway for kitchen waste has gradually evolved into a co-production model that includes oil-water separation, anaerobic digestion, and the generation of biogas and industrial-grade mixed oil. Industrial-grade mixed oil is the primary raw material for biodiesel, which can replace conventional diesel and is a key pathway for achieving carbon emission reductions. Driven by the EU's mandatory blending policies, biodiesel has broad demand prospects in sectors such as aviation and shipping, fuelling growth in the industrial-grade mixed oil and kitchen waste treatment markets.

4. Challenges

Compliance, technical, and operational requirements continue to rise: China's waste-to-energy incineration industry has expanded rapidly in recent years. By 2025, the proportion of household waste treated through incineration reached approximately 85%, significantly exceeding the target of 65% set for 2025 in the 14th Five-Year Plan. As the industry matures, the focus is shifting from growth to optimisation, with increasing demands from environmental protection policies. At the same time, many regions are encouraging enterprises to equip incineration facilities with the capability for co-treatment of multiple types of solid waste. Due to the wide variation in calorific values and complex physical properties of different materials, this can affect furnace combustion stability and co-treatment efficiency, and some projects still face technical bottlenecks. Additionally, tightening urban emission standards for waste-to-energy plants is further driving up investment and operational costs.

HOUSEHOLD WASTE INCINERATION AND HARMLESS TREATMENT MARKET

1. Introduction to household solid waste incineration and harmless treatment

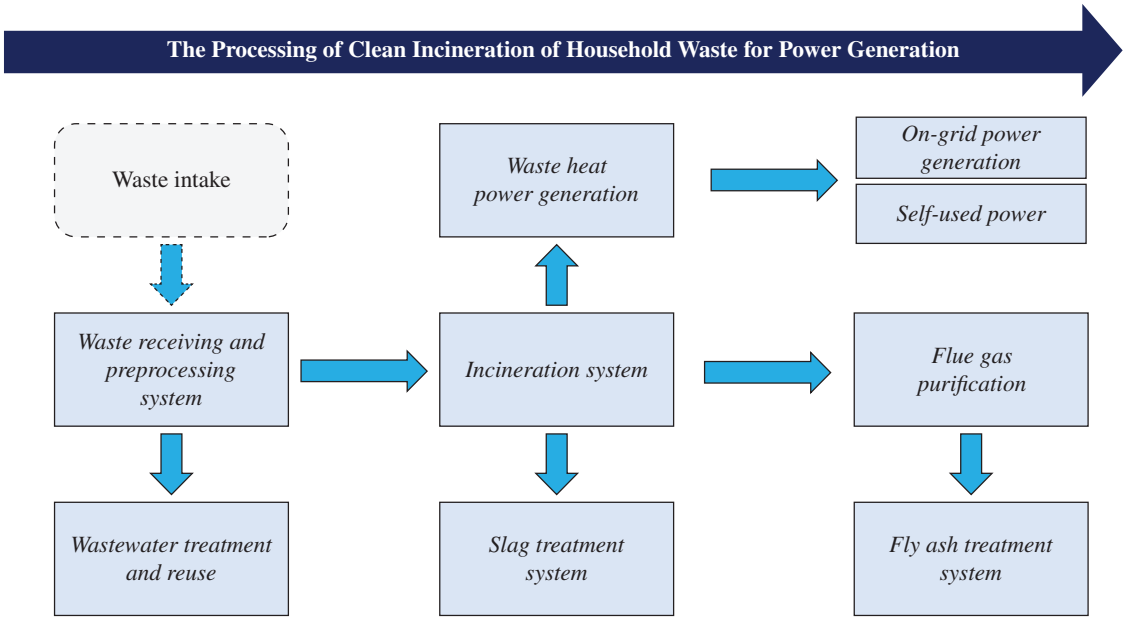
Household waste incineration refers to the process of treating household waste through high-temperature combustion, recovering thermal energy for electricity generation and heating. It is the primary method of harmless treatment for household waste. Waste-to-energy incineration, as a form of biomass power generation, has been incorporated into the renewable energy system and has become an important component of green energy. Below are the characteristics of waste-to-energy incineration:

Waste-to-energy incineration is a highly stable green energy pathway: The 2025 white paper Carbon Peaking and Carbon Neutrality: China's Plans and Solutions (《碳達峰碳中和的中國行動》) expressly refers to waste-to-energy incineration and the clean utilisation of biomass energy as part of China's policy framework for promoting non-fossil energy and the green and low-carbon transition of the energy sector. In 2023, the green energy attribute of waste-to-energy incineration was included within the scope of green certificate issuance, allowing participation in green electricity trading and making it a key foundation for renewable energy quota assessments and carbon market transactions. Waste-to-energy incineration plants operate for over 7,000 hours annually on average, offering greater stability and predictability compared to wind and solar power, thereby enhancing their value as a renewable energy source. In 2025, the government issued a notice on direct green electricity connections, officially including biomass power generation within the scope of direct green energy supply, allowing energy to be supplied directly to enterprises with strict carbon reduction requirements, further reinforcing its value.

Waste-to-energy incineration contributes to environmental protection and creates economic value: The Action Plan for Comprehensive Treatment of Solid Waste (《固體廢物綜合治理行動計劃》), issued by the State Council in 2026, incorporates municipal solid waste incineration, regulated collection and transportation, resource utilisation and safe disposal into China's comprehensive solid waste treatment framework. Accordingly, waste-to-energy incineration forms part of China's broader framework for pollution prevention and control and ecological and environmental protection. As a key method for the harmless treatment of household waste, incineration can reduce waste volume by over 80%, effectively easing urban land resource pressure and lowering environmental risks from secondary pollutants such as leachate and biogas. Beyond environmental benefits, incineration also generates energy revenue through energy conversion based on waste reduction and harmless treatment. Compared to traditional landfill, which incurs ongoing costs, incineration projects can generate stable income through electricity sales and heat supply, offering higher economic efficiency.

Key technologies and production process of waste incineration: Household waste is transported to the incineration plant via the city's collection and transfer system, weighed, and temporarily stored in a waste pit. Leachate is collected from the bottom and sent to the wastewater treatment system. After fermentation, the waste is fed steadily into the incinerator via the feeding system. Fuel ignition and the SNCR system assist in temperature control and emission reduction. The high-temperature heat generated from incineration is recovered by a waste heat boiler for power generation. Flue gas is purified through a reaction tower and bag filter to remove acidic gases, particulates, heavy metals, and dioxins. Fly ash is stabilised through chelation and safely landfilled. Tail gas is discharged in compliance with standards.

The diagram below illustrates the incineration and harmless treatment process.

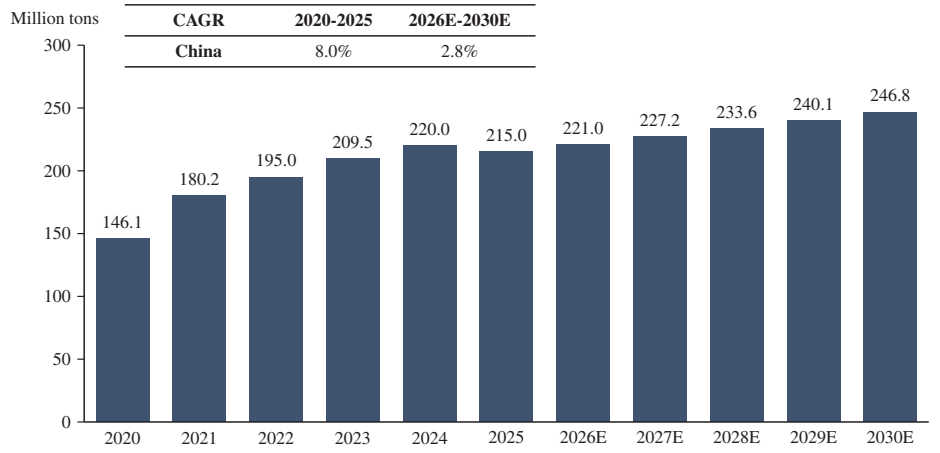


Source: Frost & Sullivan

2. Market Potential of Household Waste Incineration in China

The volume of household waste in China has continued to grow steadily, increasing from 235.1 million tonnes in 2020 to 252.3 million tonnes in 2025. As of the end of 2023, there were 696 operational household waste incineration and harmless treatment plants across China. The volume of waste entering incineration facilities has grown rapidly, rising from 146.1 million tonnes in 2020 to 215.0 million tonnes in 2025, achieving a CAGR of 8.0% during this period. Despite the overall growth trend, the volume of waste entering incineration facilities experienced a slight decrease in 2025, primarily due to slower growth in municipal solid waste generation amid moderating population and urbanisation growth, as well as continued waste sorting and resource recycling, which reduced the volume of waste entering incineration facilities in certain regions. In addition, following a period of rapid capacity expansion, certain regions experienced a temporary mismatch between waste supply and existing processing capacity. With continued development of urban areas and further improvement of waste collection, sorting and treatment systems, the volume and growth rate of waste entering incineration facilities for power generation is expected to stabilise. At the same time, pollution caused by historically landfilled waste urgently needs to be addressed through incineration. Legacy waste is now being reprocessed through harmless incineration, further expanding the market potential. From 2026 to 2030, the compound annual growth rate of waste entering incineration facilities for power generation nationwide is projected to reach 2.8%, with the volume expected to grow to 246.8 million tonnes by 2030.

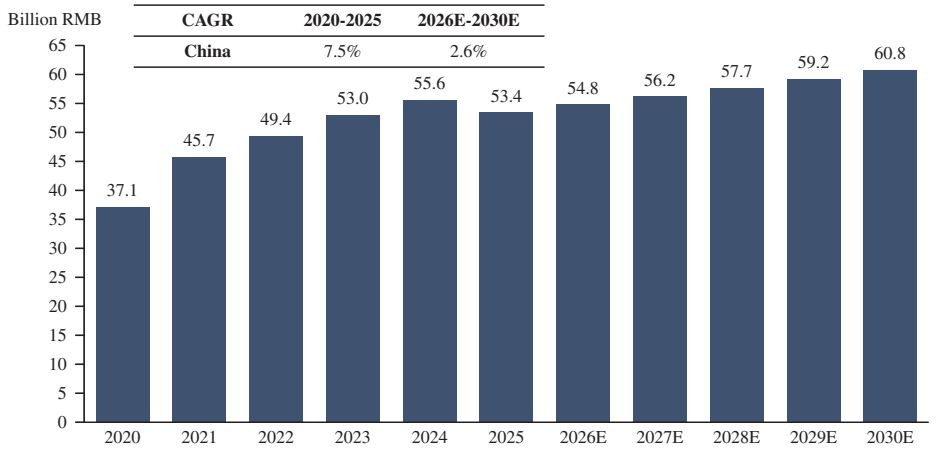
Waste Processing Volume for Waste-to-Energy Incineration Plants in China, 2020-2030E



Source: Frost & Sullivan

Waste-to-energy incineration projects typically generate profit through revenue from electricity sales to the grid and waste disposal fees. Although standards vary across regions, these sources collectively form a stable and sustainable cash flow for incineration power enterprises. China's waste-to-energy incineration market increased from RMB37.1 billion in 2020 to RMB53.4 billion in 2025, achieving a CAGR of 7.5% during this period. The slight decline in waste processing volume in 2025 was primarily attributable to weaker consumption activities, which reduced household consumption and consequently the amount of municipal solid waste generated. The impact was further compounded by relatively lower waste collection coverage in certain county-level and less-developed areas, which limited the amount of waste that could be collected and delivered to waste-to-energy incineration facilities. As a result, the volume of waste processed by waste-to-energy incineration facilities decreased in 2025. Since industry revenue is primarily generated from waste disposal fees and electricity sales, the lower processing volume also reduced the corresponding waste disposal and power generation revenue, resulting in a slight decline in the market size in 2025. Driven by the steady growth in waste entering incineration facilities and the diversification of revenue models, the national waste-to-energy incineration market is projected to grow at a CAGR of 2.6% from 2026 to 2030, reaching RMB60.8 billion by 2030.

Market Size of Waste-to-Energy Incineration in China, 2020-2030E



Source: Frost & Sullivan

The projected increase in the market size of China's waste-to-energy incineration in 2026 mainly reflects the emergence of additional revenue channels beyond the benchmark tariff. First, renewable energy green certificates provide an incremental policy-backed income stream. Second, the marketisation of the electricity market enables operators to participate in power trading, where the stable output profile of waste-to-energy plants allows electricity to be sold during peak demand periods at prices higher than the benchmark tariff. Together, these mechanisms are expected to substantially enhance the effective revenue base of the sector.

3. Drivers of China's waste-to-energy incineration market

Technology export demand as a driver

China's waste incineration rate is significantly higher than the global average, giving rise to leading enterprises with scale advantages. These companies have developed strong competitiveness through accumulated technology and operational experience. As emerging markets continue to experience growing demand for waste treatment and energy, the need for mature incineration technologies and operational capabilities is becoming increasingly urgent. At the same time, there are certain small-scale projects or those constructed and put into operation at an early stage among the household waste incineration projects in China, which also require scaled enterprises to export technology and enhance treatment capacity to meet government expectations for improved incineration efficiency. This is expanding the demand for waste incineration technology exports.

Emerging industry demand as a driver

The growth of new industries and large-scale industrial parks is generating greater demand for green energy. For example, in 2024, China's National Development and Reform Commission (NDRC) mandated that by the end of 2025, over 80% of electricity used by newly built data centers must come from green sources. This is driving increased demand for stable green electricity in high-energy-consuming sectors such as AI computing centers. Due to high-performance applications like AI training and intelligent inference, electricity consumption by China's AI computing centers has surged from 93.9 billion kWh in 2020 to 196.0 billion kWh in 2025, and is expected to reach 400 billion kWh by 2030. Among all available green energy sources, waste-to-energy incineration stands out as the most ideal option for powering data centers due to its low electricity cost and high stability. This trend is prompting data centers to explore closer integration with waste incineration, such as pairing incineration power generation with heating or cooling systems. Such integration ensures a stable, round-the-clock supply of green electricity while supporting local waste treatment, forming a closed-loop system of "waste treatment – green power generation – computing power development," opening new growth pathways for the waste incineration industry.

Policy as a driver

China's national policy framework is continuously improving, laying a solid foundation for the development of the waste-to-energy incineration industry. In 2021, the NDRC clearly stated that by the end of 2025, the national urban household waste incineration capacity should reach approximately 800,000 tonnes per day, setting a clear target for the industry. In 2022, the Ministry of Ecology and Environment issued a document further emphasising the critical role of waste-to-energy incineration in achieving China's "dual carbon" goals, effectively promoting market expansion. The NDRC's "Guiding Opinions on Regulating the Implementation of New Mechanisms for Public-Private Partnerships" stipulates that "projects such as waste-to-energy incineration and solid waste treatment should in future be solely funded or majority-owned by private enterprises," giving private companies a favourable position in future market development.

4. Drivers of Hunan Province's waste-to-energy incineration market

Economic Trends. Incineration has increasingly become the principal method of municipal waste treatment in Hunan province, with the proportion of waste treated through incineration increasing from approximately 79.0% in 2023 to 88.0% in 2024 and 96.2% in 2025. In 2025, the province treated approximately 15.1 million tonnes of municipal waste. As of 2025, the province's incineration capacity reached 41,700 tonnes per day, with an average operating load factor of about 96%, indicating high utilisation of existing facilities and limited spare capacity. Regional coordination has also expanded the coverage of incineration services, with the county-level coverage rate reaching 88.5%. Under provincial planning, total capacity is expected to increase to 56,300 tonnes per day by 2030, supporting further expansion of incineration coverage and treatment capacity.

Regulatory Developments. Hunan is tightening environmental management through local emission standards that are materially stricter than the national requirement GB 18485-2014, lowering limits on particulate matter, sulphur dioxide and nitrogen oxides and introducing ammonia-emission control for the first time. Combined with the Hunan Waste-Incineration Development Plan (2022-2030), which emphasises "to fully incinerate all waste that should be incinerated" principles and regional capacity coordination, the regulatory environment is shifting toward higher standards, refined governance and greater emphasis on environmental performance.

Competitive Dynamics. The provincial market is characterised by increasing concentration, with leading operators holding substantial shares of total capacity. Annual processing capacities of top operators can reach 3 million tonnes or above, representing around 40-45% of provincial capacity, reflecting the scale advantages and operational efficiency required to compete under stricter regulatory and environmental requirements.

5. Core competencies of waste-to-energy incineration enterprises

Refined operational capabilities

China's waste-to-energy incineration industry is gradually entering a phase of standardised construction and refined operations, where the operational efficiency of individual plants has become a core competitive strength. This is reflected in two key areas: First, in terms of economic performance, key operational indicators such as power generation per tonne of waste and revenue per tonne of waste directly reflect project profitability. Second, in terms of environmental emission control, as environmental regulations become more stringent, enterprises must continuously optimise operational parameters while ensuring stable and compliant emissions. Currently, projects with refined operational capabilities generally achieve core indicators, such as dioxins, nitrogen oxides, and particulates, well below national standard limits, and some industry-leading companies even outperform the limits of emission standards of EU.

Centralised, large-scale, and integrated capabilities

The core competitiveness of waste-to-energy incineration projects lies in large-scale operations, which are closely tied to their geographic location. Large and medium-sized cities, due to their dense populations, high waste volumes, and well-developed collection and transportation systems, can ensure a stable supply of waste to support the operation of large single-plant projects. On this basis, high daily processing capacity helps reduce unit costs, improve equipment efficiency, and enhance economic performance, strengthening cost advantages. Moreover, the scale advantages brought by location allow for the intensive construction of multiple facilities–such as incineration, sludge treatment, fly ash processing, and waste heat utilization–within the same plant or adjacent areas. This creates a coordinated treatment network that maximises equipment utilization. At the same processing scale, projects with integrated coordination capabilities are more likely to consistently reach designed capacity output and enhance project value density and risk resilience through services like waste heat heating, sludge treatment, and fly ash processing. This has become one of the key pillars supporting project deployment and return on investment for leading enterprises.

FOOD WASTE TREATMENT AND RESOURCE UTILIZATION MARKET

1. Introduction to food waste treatment and resource utilization

Food waste refers to food residues, food processing waste, expired food, and discarded edible oils generated by entities and individuals engaged in catering, institutional meal provision, and food processing activities. In China's urban household waste classification system, food waste is treated as a separate category for independent collection and processing, and is an important component in promoting the resource utilization of household waste. After classification and collection, food waste undergoes harmless treatment through specialised equipment involving combined sorting, crushing and pulping, high-temperature cooking, and three-phase separation. This process separates waste oil, wastewater, and solid residues, and enhances the level of resource utilization through further processing.

Food waste is characterised by high organic content, high moisture levels, and rapid decomposition and fermentation. It can be utilized through the production of industrial-grade mixed oil, biogas power generation or purification, and as feedstock for animal feed, offering significant potential for energy and material recovery. The composition and calorific value of food waste vary significantly across regions. In recent years, most large cities in China have established dedicated

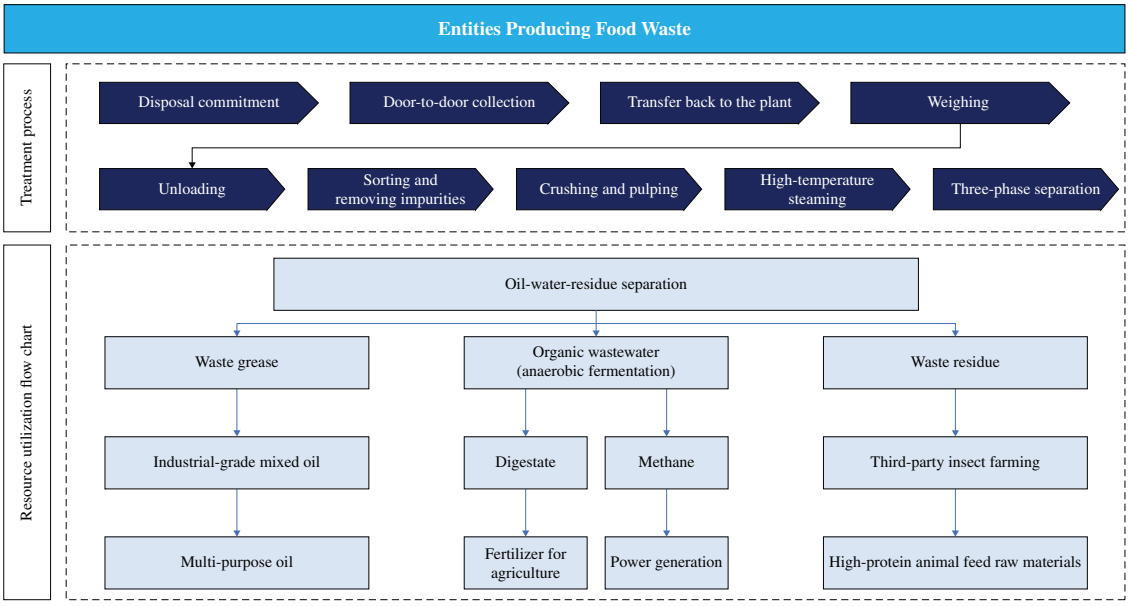
collection and treatment systems, while some small and medium-sized cities lag behind in treatment capacity development. Enterprises with stable collection systems and mature processing technologies have gradually developed the ability to replicate projects and export their technologies.

2. Food waste treatment and resource utilization process and key technologies

Food waste treatment mainly involves the following key stages: First, waste is collected and sorted, then transported to treatment facilities via door-to-door collection. Upon arrival at the facility, the waste is weighed, unloaded, and sorted to remove contaminants. It then enters the crushing and pulping stage to form a homogeneous slurry, followed by high-temperature cooking. The cooked slurry is then processed through a three-phase separation system to physically separate oil, water, and solids.

During the resource utilization phase, the outputs from the three-phase separation follow different paths for comprehensive use: (i) Waste oil can be further refined into industrial-grade mixed oil, used to produce multipurpose base oils; (ii) Organic wastewater can undergo anaerobic digestion to generate biogas for power generation, with the resulting digestate recovered as organic fertiliser for agricultural use; (iii) Solid residues can be used for insect farming, converting them into high-protein animal feed.

The diagram below outlines the main treatment process and key technologies for kitchen waste treatment and resource utilization:



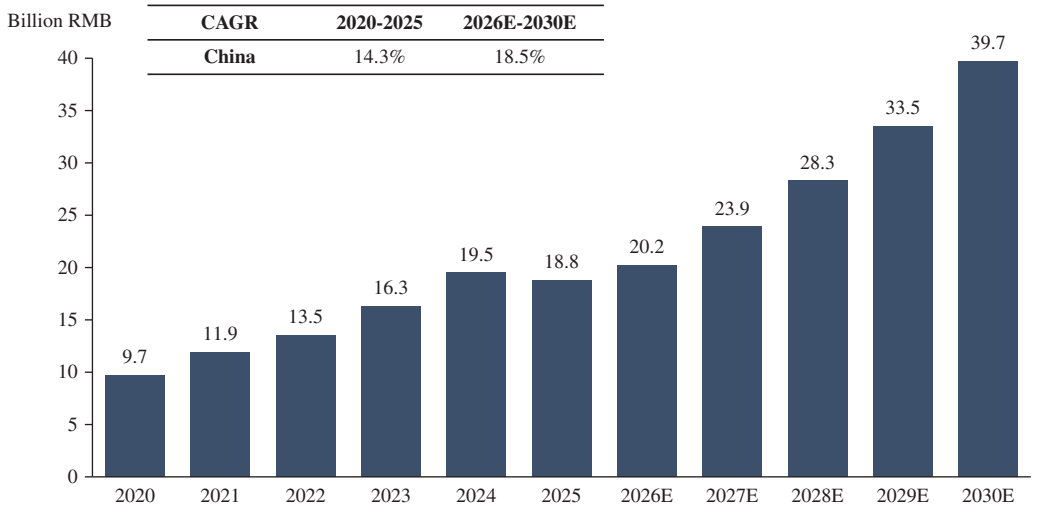
Source: Frost & Sullivan

3. Market Potential of food waste resource utilization in China

Since the release of the 14th Five-Year Plan for Urban Household Waste Classification and Treatment Facility Development in 2021, China has clearly emphasised strengthening the independent collection and treatment capacity for food waste. The establishment of a comprehensive collection system has driven a continuous increase in treatment volumes. China's food waste treatment volume grew from 17.6 million tonnes in 2020 to 34.4 million tonnes in 2025, achieving a CAGR of 14.3%. Looking ahead, with the full implementation of mandatory food waste classification policies in key cities and accelerated development of supporting infrastructure, treatment volumes are expected to rise from 37.8 million tons in 2026 to 74.5 million tons by 2030, with a projected CAGR of 18.5%.

Food waste treatment and resource utilization projects generate revenue through a diversified model, including service fees, biogas power generation income, and the sale of industrial-grade mixed oil or biodiesel. Since the Chinese government adopted refined treatment approaches for food waste, the market for food waste treatment and resource utilization has grown rapidly–from RMB9.7 billion in 2020 to RMB18.8 billion in 2025, with a CAGR of 14.3%. As waste classification coverage expands, collection systems improve, and resource utilization technologies mature, the proportion of independently collected and harmlessly treated kitchen waste continues to rise. From 2026 to 2030, the market size for kitchen waste treatment and resource utilization in China is expected to grow at a CAGR of 18.5%, reaching RMB39.7 billion by 2030.

Market Size of Food Waste Processing and Resource Utilization in China, by Processing Volume, 2020-2030E



Source: Frost & Sullivan

4. Drivers of China's food waste treatment and resource utilization market

Rising demand for biodiesel applications

Biodiesel is a type of diesel fuel processed from bio-based materials such as plants and waste oils, and is a key pathway for achieving carbon emission reductions. China's biodiesel industry has reached internationally advanced levels in terms of products, technology, and equipment. The country also has abundant potential resources in the form of waste oils, giving it a natural advantage for developing biodiesel. In 2025, China's biodiesel production exceeded 1.6 million tons, with 56.8% exported. Currently, the EU's biofuel feedstock relies on imports, EU regulations stipulate that from 2025, aviation fuel must gradually incorporate sustainable aviation fuel, with the blending ratio increasing to 6% by 2030 and 70% by 2050. Driven by mandatory blending policies, biodiesel is consistently in short supply. China's biodiesel market has continued to grow, from RMB9.0 billion in 2020 to RMB12.2 billion in 2025, achieving a CAGR of 6.2%. With rising production capacity, increasing international oil prices, and growing demand for renewable fuels, the market size is expected to reach RMB21.5 billion by 2030, with a projected CAGR of 12%.

Refined demand driving food waste treatment

Since China fully implemented waste classification in 2019, food waste has been incorporated into dedicated collection and treatment systems. Multiple cities have successively issued technical guidelines covering all stages–from collection and transportation to pre-treatment and resource recovery–requiring enterprises to establish a closed-loop system with source separation, sealed transport, centralised weighing, and traceable disposal. These systems typically use GPS-equipped vehicles and weighbridge monitoring. To ensure compliance, many regions enforce strict management requirements such as "full collection of eligible waste," "no mixing with other waste," and "sealed transport vehicles with no leakage," continuously promoting high-quality development of the food waste treatment market.

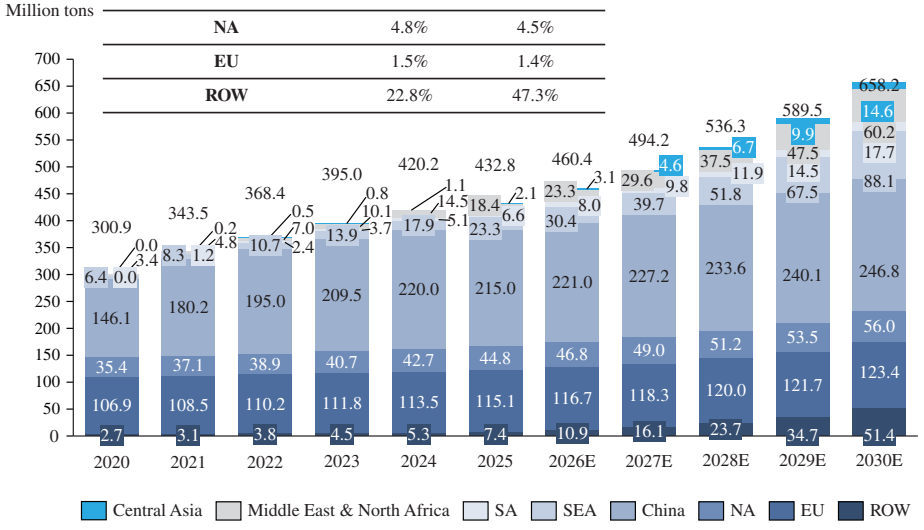
CHINA'S SOLID WASTE TREATMENT AND GREEN ENERGY ENTERPRISES IN OVERSEAS MARKETS

1. Regional market potential for household waste incineration abroad

Over the next five years, driven by increased government focus on environmental governance, international development aid funding, and the growing economic viability of waste-to-energy incineration projects, emerging markets will accelerate the construction of waste incineration plants and solid waste resource utilization facilities. This will lead to increased household waste-to-energy incineration volumes. From 2026 to 2030, incineration volumes are expected to rise significantly: Central Asia: from 2.1 million to 14.6 million tons; Southeast Asia: from 30.4 million to 60.2 million tons; Middle East and North Africa: from 23.3 million to 60.2 million tonnes; and South America: from 8.0 million to 17.7 million tons. All regions are projected to grow faster than the global average. This growth is also supported by multiple ongoing waste-to-energy incineration and solid waste treatment projects led by Chinese enterprises in these regions. These facilities are expected to be completed and operational within the next five years, helping to steadily enhance local treatment capacity.

Market Size of Global Household Incineration, 2020-2030E

CAGR	2020-2025	2026E-2030E
Central Asia	N/A	47.6%
Middle East & North Africa	40.6%	26.7%
SA	N/A	21.8%
SEA	29.5%	30.4%
China	8.0%	2.8%
NA	4.8%	4.5%
EU	1.5%	1.4%
ROW	22.8%	47.3%



Source: Frost & Sullivan

2. Core competitiveness of Chinese solid waste treatment and green energy enterprises in overseas markets

Advantages in technology and operational capabilities, with standardised process export and model replication capacity

In recent years, Chinese solid waste treatment enterprises have leveraged their mature technologies and operational experience in areas such as household waste incineration, kitchen waste resource utilization, and sludge co-treatment to gradually establish standardised process systems and the ability to export entire plants and replicate operational models. They have built a full-cycle standardised export system covering design, construction, commissioning, and operation. Compared to their European and American counterparts, which often rely on customised designs and local engineering teams for delivery, leading Chinese enterprises demonstrate higher project execution efficiency under EPC general contracting and BOT/BOO models. This is especially attractive to the customers in emerging markets with poor infrastructure, who are generally more concerned about cost-effectiveness when building their solid waste disposal facilities, where Chinese enterprises offer a compelling combination of stable operational experience, high quality-to-price ratio and rapid implementation.

Policy environment and green financing channels support overseas expansion

Chinese solid waste treatment enterprises benefit from national-level multilateral cooperation mechanisms such as the Belt and Road Initiative, which enhance adaptability in project access, policy alignment, and resource allocation. Meanwhile, with the acceleration of green finance cooperation, solid waste treatment projects such as household waste incineration are gradually being included in the sovereign loan support scope of international development finance institutions like the World Bank and the Asian Infrastructure Investment Bank. These funds are primarily allocated to emerging markets to improve environmental infrastructure capacity. Chinese enterprises, acting as EPC contractors or investment operators, indirectly benefit from green financing, expanding their project participation scope and implementation capabilities.

3. Drivers of overseas expansion for solid waste treatment enterprises

Policy-driven: Target markets have recently accelerated the development of green energy. For example, in 2022, Kyrgyzstan and China signed a Memorandum of Understanding on promoting investment cooperation in the field of green development, initiating active collaboration in the green economy and opening the market to foreign enterprises with mature technologies and project experience. In 2024, China and Kazakhstan jointly signed an agreement on implementing renewable energy projects, supporting Chinese enterprises in commercial investment in Kazakhstan's renewable energy sector, with an initial project list totalling 1.8 GW.

Solid waste treatment demand-driven: As urbanisation continues to rise in emerging markets, household waste generation is growing rapidly. However, in many regions, the proportion of incineration and resource utilization remains below 10%, and the development of solid waste collection systems and end-treatment facilities has long lagged behind, creating a mismatch between high waste volumes and insufficient treatment capacity. At the same time, regional power supply is tight, with limited grid coverage and absent electricity pricing mechanisms, hindering the achievement of sustainable development goals. Waste-to-energy incineration, with its dual attributes of harmless treatment and green energy production, is increasingly being incorporated into local energy supply strategies. For example, in Kyrgyzstan, the government has introduced concession agreements with fixed electricity prices and long-term subsidy contracts, encouraging more internationally capable Chinese solid waste treatment enterprises to invest.

Advanced technology demand as a driver: Compared to traditional landfill and low-efficiency incineration methods, some emerging markets are increasingly seeking high-efficiency, low-emission solid waste treatment technologies. Chinese enterprises possess mature technologies and rich experience in waste-to-energy incineration, sludge treatment and disposal, and kitchen waste resource utilization, effectively filling the gap in high-standard environmental infrastructure in these regions. As environmental standards in various countries gradually align with advanced benchmarks, overseas markets continue to release demand for advanced solid waste treatment processes and integrated solutions.

MARKET COMPETITION ANALYSIS

1. Competitive landscape of the waste-to-energy incineration industry

China's waste-to-energy incineration industry has relatively low market concentration, with most enterprises operating under local government concession agreements and few national-level players. Key competitive factors include the ability to secure concessions, technological innovation, and financial strength. As environmental standards rise, the market is expected to consolidate through mergers and acquisitions. Internationally, the situation varies: mature markets such as Europe and the United States are dominated by large multinational corporations, making it difficult for Chinese enterprises to enter. In emerging markets such as Central Asia, Southeast Asia, South America, and the Middle East, Chinese enterprises benefit from cost advantages, mature operational models, and government partnerships, enabling expansion through demonstration projects and cooperative operations.

The scale of individual waste-to-energy incineration projects is one of the key dimensions for assessing an enterprise's operational efficiency and resource integration capability. Compared to total enterprise processing capacity, single-plant scale better reflects the level of process integration, equipment configuration, and resource utilization efficiency at individual facilities. The table below lists the national rankings of single waste-to-energy incineration projects by daily processing capacity in 2025:

Ranking of Waste-to-Energy Incineration Plants by Daily Processing Capacity and in Terms of Scale of Standalone Waste-To-Energy Project, 2025

Ranking	Company	Project	Enterprise type	Daily processing capacity (tons/day)
1	Company A	Guangzhou Project	State-owned	9,900
2	Company B	Shanghai Project	State-owned	9,000
3	Company C	Shenzhen Project	State-owned	8,450
4	**The Company**	**Changsha Project**	**Non-State-owned**	**8,300**
5	Company D	Suzhou Project	State-owned	6,850

Power generation per ton of waste is an economic indicator used to measure the energy utilization efficiency and operational management level of waste-to-energy incineration projects. It directly affects the overall profitability of such projects. The table below lists the national rankings of enterprises by average power generation per tonne of waste in 2025:

Ranking of Waste-to-Energy Incineration Plants by Average On-Grid Electricity Generated per Ton of Waste, 2025

Ranking	Company	Enterprise type	On-grid electricity generated per ton of waste (kWh)
1	**The Company**	**Non-State-owned**	**486**
2	Company E	State-owned	411
3	Company F	State-owned	347
4	Company G	Non-State-owned	338
5	Company D	State-owned	326

The table below lists the national rankings of enterprises by revenue of waste-to-energy incineration in 2025:

Ranking of Waste-to-Energy Incineration Enterprise in China, by Revenue of Waste-to-Energy Incineration, 2025

Ranking	Company	Revenue (RMB Billion)
1	Company D	12.9
2	Company G	8.0
3	Company C	7.0
4	Company L	5.0
5	Company A	4.2
6	Company F	4.1
7	Company M	3.8
8	Company B	3.7
9	Company N	3.7
10	Company O	3.6
11	Company P	3.5
12	Company Q	3.0
13	Company R	2.8
14	Company S	2.3
15	Company T	1.7
16	Company E	1.6
17	Company U	1.5
18	Company V	1.5
19	Company W	1.4
20	**The Company**	**1.2**

**Note:* The ranking is based on each company's global total revenue from its respective waste-to-energy incineration projects.

2. Competitive landscape of other solid waste treatment sub-segments

Competitive landscape of food waste treatment and resource utilization

Food waste resource utilization in China involves high technical barriers and is driven by policy and local government investment. The industry is fragmented, with small enterprises operating regionally. Competitive advantages depend on the choice of technical route, the efficiency of collection and transportation systems, and the ability to market resource-based products. Specialised treatment enterprises perform well in specific regions or technologies, while large environmental companies rely on broader resources to undertake large-scale projects.

National food waste treatment projects are a key link in the process from source collection to end-point harmless treatment and resource utilization. They feature capabilities such as pre-treatment of high-organic waste, oil recovery, anaerobic digestion, and wastewater treatment. The table below lists the national rankings of food waste treatment projects by daily processing capacity:

Ranking of Food Waste Projects by Daily Treatment Capacity and in Terms of Scale of Standalone Waste-to-Energy Project in China, 2025				
Ranking	Company	Project	Daily processing capacity (tons/day)	Grease recovery rate
1	Company G	Chongqing Project	3,200	8.5%
2	Company H	Beijing Project	2,100	4.0%
3	**The Company**	**Changsha Project**	**1,200**	**7.4%**
4	Company I	Wuxi Project	1,000	4.2%
5	Company J	Guangzhou Project	1,000	1.9%

Competitive landscape of the market for Integrated treatment of various types of waste (sludge, sewage and leachate, fly ash, etc.)

The market is fragmented with numerous regional players, and competition is driven by technical capabilities, compliance with environmental standards and cost efficiency. Leading waste-to-energy operators often expand into these segments for synergies, but no player holds a dominant nationwide position.

Competitive landscape of the market for Interim treatment, compression and transfer of household waste

Competition is localized as projects are tendered by municipal governments, with relatively low entry barriers compared to waste-to-energy incineration. Both state-owned and private operators participate, and success depends mainly on operational reliability and service quality. This market is highly fragmented, with the top ten players together representing less than 10% of market share.

3. Ranking of Chinese solid waste treatment enterprises in overseas markets (Central Asia Region)

The solid waste treatment market in Central Asia is still in its early stages, with most projects still under planning or construction. Based on the daily processing capacity of individual projects, our company ranks first in Central Asia.

Ranking of Chinese Solid Waste Processing Enterprises in Overseas Markets (Central Asia) in Terms of Standalone Project			
Ranking	Company	Project Status	Daily processing capacity of the project (tons/day)
1	**The Company**	**In operation/Preparatory construction**	**9,000**
2	Company K	Preparatory construction	3,000
3	Company D	Preparatory construction	3,000

**Note:* The statistic is up to 30 May 2026

Notes:

1 Company A is a state-owned enterprise, founded in 2008 and headquartered in Guangzhou, China. It is committed to researching and promoting environmental sanitation industry technologies, including urban household waste treatment and comprehensive atmospheric management.

2 Company B is a listed company, founded in 2004 and headquartered in Shanghai, China. It focuses on environmental technology and product development, investment and construction of environmental projects such as solid waste disposal, urban sewage treatment, and other municipal infrastructure projects.

3 Company C is a state-owned enterprise, founded in 1997 and headquartered in Shenzhen China. It operates in fields including waste-to-energy incineration, treatment of three industrial wastes, sludge-to-energy incineration, etc. It is one of the earliest specialized companies in China engaged in garbage incineration power generation.

4 Company D is a listed company, founded in 1961 and headquartered in Hong Kong, China. It is the world's largest operator of waste to energy investment, establishing three core sectors: environmental energy, green environmental protection, and environmental water management.

5 Company E is a listed company, founded in 1992 and headquartered in Beijing, China. The company is an environmental services provider focusing on the resource utilization of solid and hazardous waste, environmental operation services, and environmental remediation and engineering solutions.

6 Company F is a listed company, founded in 2009 and headquartered in Chongqing, China. It is a leading player in the domestic waste incineration power generation industry, with a complete set of world-class waste incineration and flue gas purification technologies, and has led the drafting of national standards for waste incineration.

7 Company G is a listed enterprise, founded in 1992 and headquartered in Foshan China. It pioneered the "no wall" model for solid waste treatment and achieved digital management of water supply network via a smart water management platform.

8 Company H is a state-owned enterprise, founded in 2002 and headquartered in Chongqing, China. It has rich experience in undertaking the collection and transportation and harmless treatment of domestic waste in the main urban area, leading in solid waste treatment domestically, such as food waste treatment and industrial pollution soil remediation.

9 Company I is a listed company, founded in 2001 and headquartered in Shenzhen, China. It is a leader in biotechnology-driven resource utilization, specializing in the integrated treatment of urban solid waste such as food waste, household waste, animal solid waste, etc.

10 Company J is a private company, founded in 1956 and headquartered in Switzerland. It is an international global company with business areas involving urban organic waste treatment, municipal sewage and sludge treatment, industrial wastewater treatment, and comprehensive utilization of green energy such as biogas.

11 Company K is a listed enterprise, founded in 2001 and headquartered in Guangzhou, China. It is one of the largest environmental sanitation service provider in China, integrating environmental sanitation management, garbage classification, solid waste disposal and other aspects with an integrated strategy.

12 Company L is founded in 2008 and headquartered in Shanghai, China, specializing in the investment, construction, and operation of waste-to-energy and solid waste treatment projects.

13. Company M is a company founded in 2013 and headquartered in Wuhu, China. It is a Hong Kong-listed company with primary businesses including waste treatment, port logistics, new building materials, and new energy.

14. Company N is a privately-owned enterprise, founded in 2001 and headquartered in Wenzhou, China. It listed on the Shanghai Stock Exchange in 2015, with core businesses in environmental governance, equipment manufacturing, and new energy materials.

15. Company O is a central state-owned enterprise, founded in 2001 and headquartered in Xi'an, China. specializing in the R&D, manufacturing, and integrated solutions of energy-saving and environmental protection equipment.

16. Company P is a mixed-ownership enterprise, founded in 2014, and headquartered in Hangzhou. it was listed on the main board of the Singapore Stock Exchange in 2016.

17. Company Q is a privately-owned enterprise, founded in 1998 and headquartered in Huzhou, China. It is a Shenzhen Stock Exchange listed company dedicated to the investment, construction, and operation of waste-to-energy plants, as well as the R&D, design, manufacturing, sales, and installation of environmental protection equipment.

18. Company R is a state-owned enterprise, founded in 2000 and headquartered in Shenzhen, China. It is a Shenzhen and Hong Kong Stock Exchange listed company in China's waste-to-energy industry, specializing in the investment, construction, operation, and maintenance of waste-to-energy plants.

19. Company S is a privately-controlled enterprise, founded in 1984, and headquartered in Nantong. It is a large international listed company engaged in zero-carbon environmental protection, new energy, smart environmental services, and renewable resource recycling, covering waste-to-energy, new energy power generation, and circular economy sectors.

20. Company T is a state-controlled enterprise, founded in 2005, and headquartered in Beijing. It focuses on the investment, construction, and operation of integrated solid waste management projects, with its main businesses covering municipal solid waste collection and transportation, waste-to-energy incineration, organic waste treatment, resource recovery and recycling, sanitary landfill, and environmental remediation.

21. Company U is a state-owned enterprise, founded in 1981 and headquartered in Tianjin, China. It is a Shenzhen Stock Exchange listed company since 1996, with a business scope extending across multiple provinces and cities in China.

22. Company V is a state-controlled enterprise, founded in 2017. It is an investment holding company primarily involved in wastewater treatment, water supply, sludge treatment, solid waste incineration, and other environment-related fields.

23. Company W is a central state-owned enterprise, founded in 2012, and headquartered in Beijing. It provides comprehensive waste treatment and disposal services to governments and society.

4. Industry Entry Barriers

Technical barriers: Waste-to-energy incineration involves multiple system components and requires high technical standards. Food waste resource utilization involves complex processing flows and strict requirements for core technical stages. Both types of projects require significant technical and engineering barriers.

Operational barriers: The operational capability in the later stages of a public infrastructure project constitutes a major industry barrier. Waste-to-energy incineration must ensure efficient and stable equipment operation and continuous compliance with pollutant emission standards. The operational efficiency and compliance capability of food waste resource utilization directly determine the economic viability and stability of a project.

Financial barriers: Waste-to-energy projects commonly adopt BOT or BOO business models, requiring large upfront investment, long construction periods, and extended return cycles. Food waste resource utilization projects have more complex revenue models, requiring even greater financial coordination capabilities.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Laws and regulations relating to environmental protection, fire prevention and energy conservation review

Environmental protection

According to the Ecological Environment Code of the PRC (《中華人民共和國生態環境法典》), which was deliberated and adopted by the National People's Congress on 12 March 2026 and came into effect on 15 August 2026, enterprises, public institutions and other production and business operators shall take effective measures to prevent and reduce environmental pollution and ecological damage, use resources in an economical and intensive manner, control greenhouse gas emissions, fulfil their obligations for green and low-carbon development, and bear legal liability for any resulting damage in accordance with law. The State shall establish and improve a supervision and administration system for stationary pollution sources centred on the pollutant discharge permit system, with the specific measures to be formulated by the State Council.

Enterprises, public institutions and other production and business operators subject to pollutant discharge permit administration shall obtain pollutant discharge permits in accordance with applicable laws and regulations, and shall not discharge pollutants without such permits. Such enterprises, public institutions and other production and business operators shall comply with the requirements set out in their pollutant discharge permits, operate and maintain pollution prevention and control facilities in accordance with applicable requirements, establish ecological-environmental management systems, and strictly control pollutant discharges.

Enterprises, public institutions and other production and business operators shall monitor industrial waste gas and toxic and hazardous air pollutants discharged by them in accordance with national requirements and retain original monitoring records. Enterprises discharging industrial wastewater shall take effective measures to collect and treat all wastewater generated, so as to prevent environmental pollution. Industrial wastewater containing toxic and hazardous water pollutants shall be collected and treated separately by category to prevent seepage and loss, and shall not be discharged through dilution.

Units and individuals that generate, collect, store, transport, utilise or dispose of solid waste shall take effective measures to prevent or reduce solid-waste pollution and bear legal liability for pollution caused thereby in accordance with law. The sweeping, collection, transportation and treatment of urban and rural domestic waste shall comply with national requirements relating to ecological-environmental protection and environmental sanitation administration, so as to prevent environmental pollution. Hazardous waste sorted from and centrally collected from domestic waste shall be managed as hazardous waste if it falls within the definition of hazardous waste.

According to the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), amended by the State Council on July 16, 2017, and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated by the former Ministry of Environmental Protection on November 20, 2017, and came into effect on the same day, the PRC government implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the Competent Administrative Department of Environmental Protection under the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection.

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24, 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on April 1, 2024, the PRC government implements classified pollutant discharge permit management (i.e., key and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact the pollutants have on the environment. Enterprises, institutions and other production and operation units that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a Pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

According to the Regulation on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013, and came into effect on January 1, 2014, the Competent Urban Drainage Department shall sign a maintenance and operation contract with the Maintenance and Operation Unit of urban sewage treatment facilities, specifying the rights and obligations of both parties. The Maintenance and Operation Unit of urban sewage treatment facilities shall ensure that the effluent quality meets the discharge standards stipulated by the state and local authorities, and shall not discharge sub-standard sewage. The Maintenance and Operation Unit of urban sewage treatment facilities or the sludge treatment and disposal unit shall safely treat, and dispose of sludge, ensure that the sludge after treatment and its disposal meets the relevant national standards, track and record the sludge generated, as well as the destination, use and dosage of the sludge after treatment and disposal, and report to the Competent Urban Drainage Department and the Competent Environmental Protection Department. No unit or individual shall arbitrarily dump, stack, discard or scatter sludge. The Maintenance and Operation Unit of urban drainage and sewage treatment facilities shall establish and improve safety production management systems, strengthen daily inspections, repair and maintain urban drainage and sewage treatment facilities, such as manhole covers, and ensure the safe operation of the facilities.

Fire prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), last amended by the SCNPC on April 29, 2021, and took effect on the same day, the Emergency Management Department under the State Council and the Emergency Management Departments under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention designs and constructions must comply with the national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and the Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) last amended by the Ministry of Housing and Urban-Rural Development of the PRC on August 21, 2023, and came into effect on October 30, 2023, the review and acceptance of fire prevention designs should be carried out for special construction projects. With respect to construction projects other than the special construction projects, the review and acceptance of fire prevention designs of such construction projects shall be filed with the respective competent authorities.

Energy conservation review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018, and came into effect on the same day, the PRC government shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence its construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council, and jointly with other relevant State Council departments.

Circular Economy Promotion

According to the Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》) promulgated by SCNPC on 29 August 2008, last amended on 26 October 2018 and became effective on the same day, the term "circular economy" as mentioned hereof is a generic term for the reducing, reusing and recycling activities conducted in the process of production, circulation and consumption. Enterprises shall take measures to reduce the consumption of resources and the discharge of wastes and improve the reutilisation and recycling level of wastes. In accordance with the relevant state provisions, enterprises shall make comprehensive utilisation of the tailings, mullock, waste materials and other industrial wastes generated in the production process. Enterprises using or producing the technologies, techniques or products listed in the catalogue of clean production, the catalogue of comprehensive utilisation of resources or any other encouraged catalogue shall enjoy tax preferences in accordance with the relevant state provisions.

Laws and regulations relating to work safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) or the Production Safety Law, which was last amended by the SCNPC on June 10, 2021, and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, and the strengthening of production safety management. Entities shall establish and improve a production safety responsibility system and the production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. Violation of the Production Safety Law may result in the imposition of fines and penalties, suspension of operation, an order issued to cease operation (depending on the circumstances of the violation), and criminal liability, which will be pursued if the violation constitutes a crime.

Regulations relating to the treatment of municipal domestic waste and power generation

Treatment of municipal domestic waste

According to the Administrative Measures for Municipal Domestic Waste (《城市生活垃圾管理辦法》), which was last amended on May 4, 2015, the construction of facilities for the collection and disposal of municipal domestic waste shall comply with the Municipal Domestic Waste Treatment Plan and other relevant national technical standards. Municipal domestic waste should be disposed of at municipal domestic waste transfer stations and treatment plants (sites). No unit or individual shall dispose of municipal domestic waste at will. Enterprises engaged in the commercial cleaning, collection, and transportation of municipal domestic waste shall obtain a license for such actions. The construction (environmental sanitation) authorities of directly-administered municipalities, cities, and counties shall make decisions on licensing for the commercial cleaning, collection, and transportation of municipal domestic waste through fair competition methods such as bidding, and shall issue licenses for commercial cleaning, collection, and transportation services of municipal domestic waste to the winning bidders.

According to the Administrative Measures for Franchise Operations of Infrastructure and Public Utilities (《基礎設施和公用事業特許經營管理辦法》), which was last amended on March 28, 2024 and came into effect on May 1, 2024, franchise operators are granted the exclusive right to invest in, construct, operate, and obtain returns from specific infrastructures and public utility projects of the agreement (within the agreed-upon period). Meanwhile, franchise operators shall provide public goods or services that meet the quality and efficiency requirements as stipulated in the agreement, and shall be subject to supervision and management in accordance with the law. Local governments at all levels should standardize the promotion of franchise projects within the scope of their respective government responsibilities, and authorize relevant industry authorities, public institutions, etc. in accordance with laws and regulations, to serve as the implementing agencies for franchise projects of infrastructure, and public utilities. These agencies are responsible for the preparation, implementation, and supervision of franchise projects, with the content and scope of their authorization clearly defined. Franchise operators shall provide public goods or services universally, without discrimination to all users within the service areas specified in the franchise agreement, and shall not impose differential treatment on new users.

According to the Administrative Measures on the Franchise of Municipal Public Utilities (《市政公用事業特許經營管理辦法》), which was last amended on May 4, 2015, and came into effect on the same day, the implementation of franchise operations for municipal public utilities shall adhere to the principles of openness, fairness, impartiality, and their priority should be given to public interests. Those who participate in the bidding for franchise rights shall meet the following conditions: (1) being a legally registered enterprise or a legal person; (2) having corresponding facilities and equipments; (3) having a good bank credit standing, financial status and corresponding debt – paying ability; (4) having corresponding work experience(s) and a good performance; (5) having a corresponding number of personnel in key positions in fields such as technical, financial and operational; (6) having a practical and feasible business plan; (7) other conditions specified in local laws and regulations. The terms of franchise operation shall be determined according to factors such as industry characteristics, scale, and operation mode, with the maximum duration not exceeding 30 years. If an enterprise that has obtained or is obtaining the franchise right needs to change its name, address, or legal representative, it shall inform the competent department in writing in advance, to obtain its consent. Where the competent department or the enterprise with the franchise right violates the agreement, the party at fault shall bear the liability for the breach of contract; if losses are caused to the other party, it shall bear the liability for compensation.

According to the Guiding Opinions of the State Council on Innovating the Investment and Financing Mechanisms in Key Areas and Encouraging Social Investment (《國務院關於創新重點領域投融資機制鼓勵社會投資的指導意見》promulgated and implemented by the State Council on November 16, 2014, the PRC government encourages social capital's participation in the municipal infrastructure projects including urban water supply, waste water treatment and garbage disposal by concession, investment subsidy, government's purchase of services and other methods and shall choose eligible operators in accordance with the law. The PPP mode mainly applies to the public services and infrastructure projects for which the government assumes the responsibility of provision and which are also suitable for market operation. The PPP mode may be adopted for gas, power supply, water supply, heating, sewage and waste disposal and other municipal facilities, highways, railways, airports, urban rail transit and other transportation facilities, health care, tourism, education and training, health, pension and other public service projects, as well as water conservancy, resources and environment, and ecological protection projects. The projects with clear basis for charges and operating charges capable of completely covering the investment costs may be promoted by Build-Operate-Transfer ("BOT"), Build-Own-Operate-Transfer ("BOOT"), and other modes, through the government's grant of franchise rights. The construction and operation market of relevant projects shall be opened according to the law, to actively promote the gradual implementation of franchising in the natural monopoly industries.

Power generation

According to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) which was last amended on December 26, 2009, and came into effect on April 1, 2010, the PRC government encourages and supports the grid-connected power generation of renewable energy. For the construction of renewable energy grid-connected power generation projects, administrative permission shall be obtained to ensure grid safety or filing shall be submitted in accordance with the laws and the regulations of the State Council. Power generation enterprises shall be obliged to cooperate with power grid enterprises. Power generation enterprises shall truthfully and completely record and preserve relevant materials on renewable energy power generation, and to accept the inspection and supervision by power regulatory authorities.

According to the Administrative Measures for Electric Power Business Licenses (《電力業務許可證管理規定》), which was last amended on January 4, 2024 and came into effect on March 1, 2024, any entity or individual engaged in electric power business operations must obtain an electric power business license. Unless under special circumstances specified by the Electricity Regulatory Commission of the PRC government, no entity or individual may engage in any electric power businesses without such a license. Electric power regulatory authorities shall establish and improve a supervision and inspection system for electric power business licensing to oversee whether licensees operate in compliance with the conditions, scope, and obligations stipulated in their electric power business licenses. Regulatory agencies shall conduct inspections in accordance with the law, and licensees shall cooperate with such inspections. If any entity or individual engages in electric power businesses without obtaining a license in accordance with the law, they shall be

subjected to corrective actions, confiscate illegal gains, and a fine of up to five times the illegal proceeds by relevant authorities. If the violation constitutes a crime, criminal liability shall be pursued in accordance with the law.

According to the Trial Measures for the Administration of Renewable Energy Power Generation Pricing and Cost Allocation (《可再生能源發電價格和費用分攤管理試行辦法》) which was promulgated on January 4, 2006, and came into effect on the same day, the pricing of renewable energy power generation shall be implemented in two forms: government-set prices and government-guided prices. The government-guided prices refer to the winning prices determined through bidding. Renewable energy power generation enterprises and power grid enterprises must truthfully and completely record and preserve relevant materials such as the quantity, price, and amount of renewable energy power generation traded on the grid. They shall accept inspections and supervision by the competent price departments, power regulatory authorities, and auditing departments.

Laws and regulations relating to overseas investment

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) which was promulgated on March 15, 2019, and came into effect on January 1, 2020, foreign investors and foreign-invested enterprises engaging in investment activities within the territory of China shall abide by Chinese laws and regulations, and must neither endanger China's national security nor harm public interests. Foreign investors shall not invest in fields as specified in the negative list for foreign investment access where investment is prohibited. For fields as specified in the negative list for foreign investment access where investment is restricted, foreign investors shall meet the conditions stipulated in the negative list when making investments. Where foreign investment requires approval or filing of investment projects, such procedures shall be carried out in accordance with relevant national regulations.

According to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

According to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, domestic enterprises (the "**Investors**") in the PRC making an outbound investment shall go through verification, approval, or record-filing or other procedures applicable to outbound investment projects (the "**Projects**"). They shall also report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the Investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the Investors, namely, those involving the Investors' direct contribution of assets, rights and interests, or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive Project refers to a project involving sensitive countries, regions, or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (境外投資敏感行業目錄(2018年版)), which came into effect from March 1, 2018, to list the sensitive industries for foreign investment in detail.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on February 13, 2015, which came into effect from June 1, 2015, and was last amended on December 30, 2019, the approval of foreign exchange registration for direct investment is canceled. As of currently, banks directly review and handle the foreign exchange registration for overseas direct investments with the SAFE and its branches indirectly supervising the registration of foreign exchange for overseas direct investment through banks.

Laws and regulations relating to land use rights, construction land planning permit and construction work planning permit

Land use rights

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019, and brought into effect from January 1, 2020, lands owned by the PRC government might be transferred or allotted to construction entities or individuals in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated on November 24, 2014, last amended on March 10, 2024, and brought into effect on May 1, 2024, the real estate registration shall be conducted by the real estate registration authorities of the people's government at or above the county level.

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021, the creation, alteration, alienation, or extinguishment of a real right of the immovable property that is required by law to be registered, becomes effective at the time when it is recorded in the registration of immovable property. The real right certificate for immovable property is the proof of a right holder's entitlement to the real right in the immovable property.

The Interim Regulations on Real Estate Registration and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated on January 1, 2016, last amended on May 9, 2024, and brought into effect on May 21, 2024, provide that, among others, the PRC government implements a uniform real estate registration system, and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

Construction land planning permit

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007, implemented on January 1, 2008 and amended on April 24, 2015, and April 23, 2019, respectively, a construction land planning permit is required for the right to use the state-owned land acquired by transfer and allocation.

If a construction entity which is authorized to use the land fails to obtain a construction land use planning permit, the people's government at or above the county level shall revoke any relevant approval document(s). If the land has already been occupied, it shall be returned promptly. Furthermore, the construction entity shall be obliged to compensate for any damage caused to any other relevant parties according to laws.

Construction work planning permit

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), to build any building, structure, road, pipeline, or other engineering project within a city or town planning area, the relevant construction entity or individual shall apply for a construction work planning permit. The permit can be obtained from a competent urban and rural planning administrative department of the people's government at the municipal or county level or from the people's government of town as recognized by the people's government of a province, autonomous region, or municipality and is directly under the PRC government.

For construction work that proceeds without the construction work planning permit or is in violation of the provisions of the construction work planning permit, a competent urban and rural planning administrative department at or above the county level can order termination; if the impact on the planning caused by such construction can be eliminated, the department shall order the construction entity to take remedial action within a prescribed time limit and pay a fine of no less than 5% but not exceeding 10% of the construction cost; if such impact cannot be eliminated by remedial action, the department shall order the construction entity to demolish its construction within a prescribed time limit. For construction work that cannot be demolished, the department shall confiscate it or seize any illegal income. They may also be liable to a fine of no more than 10% of the construction cost.

Laws and regulations relating to labor contract, social insurance and housing provident fund

Labor law and labor contracts

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994, and amended on August 27, 2009, and December 29, 2018, enterprises shall establish and improve their system of work place safety and sanitation, strictly comply with state rules and standards on workplace safety, and provide employees with training on labor safety and sanitation. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with relevant laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September, 2008, set out specific provisions in relation to the execution, the terms, and the termination of a labor contract, and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary, and other matters upon the employee's request.

The Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labour Dispute Cases 《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》 while came into effect on September 1, 2025, stipulates that any agreement between an employer and an employee, or any promise made by the employee to the employer, stating that social insurance contributions are not required, shall be deemed invalid by the People's Court. If the employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract pursuant to Article 38(3) of the Labor Contract Law and seeks economic compensation from the employer, the People's Court shall support such a claim in accordance with the law.

According to the provisions of Interpretation (II) and based on the opinion of our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, (i) our Group has not entered into any arrangement with employees, whether through unilateral undertakings or mutual agreements, to opt out of participating in social insurance; and (ii) there have been no instances where employees have voluntarily terminated their labor contracts with our Group due to our Group's failure to pay social insurance contributions. Therefore, Interpretation (II) does not repeal the currently effective PRC social insurance laws and regulations, does not increase the risk of penalties that our Group may face, and does not have any material adverse impact on our operations or financial condition.

Social insurance and housing fund

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), last amended by the SCNPC and came into effect as of December 29, 2018, and the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), last amended by the State Council and came into effect as of March 24, 2019, as well as other relevant laws and regulations, employers in PRC are obligated to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing provident fund.

In addition, any employer that fails to make contributions to the aforementioned social insurance and housing provident fund as required may be ordered to pay the outstanding contributions within a prescribed time limit. If the employer fails to comply within the specified period, a fine may be imposed. For overdue contributions, the people's court may enforce collection.

Laws and regulations relating to intellectual property rights

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and came into effect on June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001, and most recently amended by the State Council on December 11, 2023, and came into effect on January 20, 2024, provide for three types of patents: "invention", "utility model" and "design". "Invention" refers to any new technical solution in relation to a product, a process, or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern, or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent, from the date of application, for an "invention" is 20 years, while the validity period of patent for a "utility model" is 10 years, and that of a "design" is 15 years.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982, and most recently amended on April 23, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商 標法實施條例》) last amended by the State Council on April 29, 2014, and came into effect on May 1, 2014. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered, given preliminary examination, or approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years, and may be renewed for consecutive 10-year periods upon request by the trademark owner, unless otherwise revoked.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), last amended by the SCNPC on November 11, 2020, and came into effect as of June 1, 2021, original works of Chinese citizens, legal persons, or unincorporated organizations-defined as intellectual achievements in the fields of literature, art, and science that and can be expressed in a certain form, whether published or not-are entitled to copyright protection in accordance with the law. Copyright encompasses a series of personal and property rights, including but not limited to the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work, and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), amended by the State Council on January 30, 2013, and effective as of March 1, 2013, the National Copyright Administration is the competent governmental authority responsible for the nationwide administration of software copyright registration. The China Copyright Protection Center is designated as the software registration authority, which shall issue registration certificates to computer software copyright applicants in accordance with the Measures for the Computer Software Copyright Registration and the Regulations on the Protection of Computer Software.

Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017, and effective on November 1, 2017, the MIIT supervises and administers domain services nationwide. For the domain name registration service follows the principle of "first come, first serve". Applicants of domain name registration shall provide the domain name registration authority with true, accurate, and complete information about the identity of the domain name holder for registration purpose, and shall sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it.

Laws and regulations relating to tax

Enterprise income tax

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), promulgated by the NPC on March 16, 2007, most recently amended on December 29, 2018, and was in effect on the same date, and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得税法實施條例》), promulgated by the State Council on December 6, 2007, most recently amended on December 6, 2024, and came into effect on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in the PRC in accordance with the law, or which are set up in accordance with the law of a foreign country (region) whose actual administration institution is in the PRC. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in the PRC, but have institutions or establishments in the PRC, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced to 20% for qualifying small low profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% preferential tax rate for the Enterprise Income Tax.

Value-added tax

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), which was adopted by the Standing Committee of the National People's Congress and came into effect on January 1, 2026, any entity or individual (including individual industrial and commercial households) that sells goods, provides services, transfers intangible assets or immovable property within the territory of the PRC, or imports goods into the PRC, shall be a taxpayer of value-added tax and shall pay value-added tax in accordance with the provisions thereof.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值税税率的通知》), promulgated by the MOF and the SAT on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值税改革有關政策的公告》), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019, and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Laws and Regulations Relating to Foreign Exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council on January 29, 1996, and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such an approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

According to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank to handle the exchange, remittance, and transfer of funds for the business concerned. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

In the meantime, where a domestic shareholder of a domestic company intends to decrease his/her overseas listed shares in accordance with relevant regulations following the overseas listing of the domestic company, such domestic shareholder shall register with the SAFE branch in the place of domicile within 20 working days after the decrease of shares to obtain the business registration certificate; where a domestic shareholder of the domestic company intends to increase his/her overseas listed shares in accordance with relevant regulations, the shareholder shall, after obtaining the approval, filing, or no-objection letter from the relevant regulatory authorities regarding the increase in shareholdings (except where such documents are not required under applicable regulations), register with the SAFE branch in their place of domicile within 20 working days before the increase of shares to obtain the business registration certificate.

According to the Guidelines on Foreign Exchange Business for Capital Items (2024 Edition) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or any foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting, and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending, and other businesses shall comply with the relevant foreign exchange management regulations.

Laws and regulations relating to overseas securities offering and listings

Overseas securities offering and listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") together with 5 supporting guidelines (and with the Trial Measures, collectively referred to as the "**New Regulations on Filing**"), which was implemented on March 31, 2023. Under the New Regulations on Filing, an enterprise within the PRC that directly or indirectly issues securities overseas or lists and deals in its securities overseas shall comply with the laws, administrative regulations, and relevant national rules on foreign investment, state-owned assets management, industrial supervision, overseas investment, cyber security, and data security etc. They shall not disturb the domestic market order or do harm to national interests, social public interests, and the legitimate rights and interests of domestic investors.

An issuer seeking an overseas initial public offering or listing shall, within 3 working days after submitting the issuance and listing application documents overseas, file a registration with the CSRC and submit the filing report, legal opinions, and other relevant documents, ensuring a true, accurate, and complete description of shareholder information. Once the filing documents are completed and complies with the stipulated requirements, the CSRC will, within 20 working days of receiving such documents, conclude the review procedure and publish the filing results on its official website. If the filing documents are incomplete or do not conform to the stipulated requirements, the CSRC will, within 5 working days of receiving the filing documents, request supplementary materials. The issuer shall provide the additional documents within 30 working days. During the review of the filing documents, the issuer may encounter circumstances that are prohibited under the regulations governing overseas offerings and listings. In such cases, the CSRC may seek opinions from the relevant competent authorities of the State Council.

Confidentiality and archives administration

On February 24, 2023, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which was implemented on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides, publicly discloses any document, or material that involves state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities, and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working

papers formed within the territory of the PRC by the securities companies, securities service agencies that provide corresponding services for the overseas issuance, and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the PRC government.

OVERVIEW OF THE LAWS AND REGULATIONS IN KYRGYZSTAN

The following is an overview of the major laws and regulations of Kyrgyzstan that are relevant to our Group's business.

Corporate

Business entities and companies in Kyrgyzstan are regulated by a framework of legislations, including the Constitution of Kyrgyzstan, the Civil Code of Kyrgyzstan, and the primary law "On Business Entities and Companies" (the "**Kyrgyz Company Law**"). The Kyrgyz Company Law specifically addresses the organizational and legal forms of companies, the rights, and obligations of participants, and the requirements for constitutional documents and authorized capital. It also governs matters relating to property, profit distribution, liquidation, the establishment of managing organizations, and other relevant aspects.

Participants of limited liability companies are not liable for company obligations beyond their contributions to the companies' charter capital. The total number of participants in a limited liability company is restricted to 30, and there is no minimum charter capital requirement (although in practice it is KGS 1,000 or approximately USD11.4).

A company acquires its legal status upon a state registration within the Ministry of Justice of Kyrgyzstan. Any changes to its corporate structure and shareholders' composition (at the level of the Kyrgyz subsidiaries), charter capital, and other matters may necessitate registration or notice of such changes with the Ministry of Justice. The failure to register or notify of any required changes invalidates such changes and will not allow a company to properly cooperate with any other third parties (e.g., commercial banks).

Investment Protection and Promotion

Kyrgyzstan has implemented investment protection and promotion laws that aim to create a favorable investment climate and to stimulate both domestic and foreign investments. Key elements of the legal framework in this area include:

- *Investment Law*: The Law of Kyrgyzstan "On Investments in the Kyrgyz Republic" (the "**Investment Law**"), which became effective in 2025, establishes the main principles of the state investment policy, ensuring fair and equal legal treatment for domestic and foreign investors and providing guarantees for investment protection. The Investment Law provides a set of statutory protections to safeguard both foreign and domestic investors (that includes the Company and its Kyrgyz subsidiaries). These guarantees include:
    - Equal treatment/non-discrimination – foreign investors enjoy the same rights as local investors.
    - Protection against unlawful interference – state bodies and officials cannot arbitrarily restrict or hinder investment activity.
    - Guarantee against expropriation – investments cannot be nationalized or requisitioned except in limited public interest cases, with prior due process and full compensation (including lost profits).
    - Free transfer of funds – investors can repatriate profits, dividends, capital, and other returns abroad freely in foreign currency.
    - Stabilization mechanisms – large investors may conclude stabilization agreements to "lock in" favorable tax and regulatory conditions for up to 10 years.

  - Dispute resolution – investors have recourse to local courts and may, in certain cases, agree to arbitration.

  - Free access to public information – investors have a right to access information pertaining to the legal acts of the Kyrgyz Republic, judicial acts and other documents which may affect investors' rights and which shall be available in public domain in accordance with the laws of the Kyrgyz Republic.

  - Freedom of movement – foreign investors, their representatives, and foreign workers engaged in investment activities shall have the right to move freely within the territory of the Kyrgyz Republic, subject to restrictions established by the legislation of the Kyrgyz Republic for the purposes of ensuring national security and the safety of citizens.

- *National Investment Agency*: The National Investment Agency under the President of Kyrgyzstan (the "**National Investment Agency**") promotes foreign and local investments by offering support and services to investors.

- *Dispute and complaint resolution*: The Investment Law contains provisions for settling disputes between foreign investors and the Kyrgyzstan government through international arbitration. In addition, the Procedure for the Consideration of Investor Complaints and Their Support, which entered into force in 2022, provides a mechanism for assisting and supporting investors in resolving disputes which may arise from their interaction with state bodies and local self-government bodies as well as working to prevent the risk of international legal claims against Kyrgyzstan under investment agreements. In accordance with this procedure, the National Investment Agency is the authorised body for considering investor complaints. Since the adoption of the Procedure, the National Investment Agency has received 21 different complaints from both foreign and domestic investors as well as entrepreneurs. All complaints received have been included in the register of complaints in accordance with the procedure.

- *Bilateral investment treaties (BITs)*: Kyrgyzstan has signed BITs with over 20 countries, including the United States, United Kingdom, Germany, Switzerland, China, and Russia. These treaties offer protection and encouragement for capital investments and are integral part of the Kyrgyz legal framework. While the content of BITs is rather declarative in nature and they are not directly referred to in Kyrgyz laws, they form a groundwork for the Investment Law, and general provisions of BITs are incorporated in the Investment Law. In addition to that, foreign investors may benefit from their home jurisdiction having a BIT with Kyrgyzstan as it provides them with legal certainty, treaty protection mechanisms, and legal remedies enforceable in accordance with the terms of BITs.

- *Tax incentives*: The Cabinet of Ministers of Kyrgyzstan offers tax incentives for investments in priority sectors, such as agriculture, manufacturing, tourism, and information technology. In addition to that, the Cabinet of Ministers of Kyrgyzstan may offer specific tax incentives for the duration of specific agreements (such as the investment agreement dated March 29 2024 (the "**Investment Agreement**") signed between the Cabinet of Ministers of the Kyrgyz Republic represented by the Mayor of Bishkek city, and Junxin (Kyrgyzstan) represented by its general director Mr. Dai), and such tax incentives will be recognized as valid and binding based on the provisions of the Tax Code of the Kyrgyz Republic.

Kyrgyzstan guarantees foreign investors, including our Kyrgyz subsidiaries, the same protections and treatment as domestic nationals and companies.

Currency exchange

Under Kyrgyz laws, investors are generally entitled to the right to freely convert national currency into foreign currencies for investment purposes. Under the Law of Kyrgyzstan "On Investments in the Kyrgyz Republic" and the Constitutional Law "On the National Bank of the Kyrgyz Republic", there are no restrictions on currency conversion or on capital transfers into and out of the country for investment-related purposes. The currency regime is generally liberal and allows for free convertibility and transfer.

However, the National Bank of Kyrgyzstan retains the right to impose temporary restrictions (a moratorium) if required to meet the country's internal obligations. This risk is mitigated by the agreements entered into with the local authorities in Kyrgyzstan, which stipulates that the Government guarantees the free movement and exchange of our Kyrgyz subsidiaries' funds. The Investment Agreement dated March 29, 2024, as described above, mitigates the aforementioned risk of temporary restrictions which may be imposed by the National Bank of the Kyrgyz Republic. As advised by our legal advisers as to Kyrgyz laws, the Investment Agreement remains enforceable under Kyrgyz laws, as no statutory provision expressly overrides the contractual commitments of the Cabinet of Ministers of the Kyrgyz Republic under such investment arrangements. The National Bank of Kyrgyzstan's power to impose currency or capital-flow restrictions is a general regulatory measure of macroeconomic nature and does not invalidate specific contractual obligations of the Kyrgyz Republic, particularly those formalized under an Investment Agreement approved by the Cabinet of Ministers. There have been no precedents where the National Bank exercised its power to impose such restrictions.

Repatriation of funds

Foreign investors are granted a right to repatriate funds received as a result of investment activities. The Investment Law guarantees the right to freely transfer or repatriate funds into any convertible currency. Similar guarantees are provided in the Investment Agreement. The Investment Agreement was executed in accordance with applicable regulations of the Kyrgyz Republic and contains legal, valid and binding obligations of the Cabinet of Ministers of the Kyrgyz Republic, and will be effective for the duration of the Bishkek Project. The Investment Agreement may be terminated by either party in case of failure to perform or non-performance of obligations by other party, but no other specific conditions for termination (including unilateral) are provided therein.

There are no statutory limits on dividend repatriation, although dividends can only be distributed after the company's authorized capital is fully paid and cannot lead to insolvency. While repatriation is largely unrestricted, under specific circumstances, the state can suspend transfers such as insolvency, creditor rights violations, or criminal offenses involving the investor.

Licensing and Permit System

In Kyrgyzstan, licensing of certain types of activities, actions, and operations is carried out in order to prevent harm to life, human health, the environment, property, public, and state security, as well as to manage limited state resources. The primary legal acts that govern licensing and permit system in Kyrgyzstan are:

- Law of Kyrgyzstan "On Licensing and Permit System in the Kyrgyz Republic" dated 19 October 2013 No. 195 (the "**Licensing Law**"), and

- Regulation on Licensing of Certain Types of Activities approved by the Resolution of the Cabinet of Ministers of Kyrgyzstan dated 14 December 2023 No. 678 (the "**Licensing Regulation**").

Both legal acts establish and regulate licensed activities in Kyrgyzstan, and provide a list of licensed activities, including:

- power generation production, transmission, distribution, sale, export and import of electrical energy (excluding the production of electrical energy obtained from renewable energy sources, as well as the production of electrical energy from any energy sources for own use with a capacity of up to 1,000 kW and the sale of electrical energy from microgeneration facilities).

Depending on the nature of the licensed activities, various state and governmental authorities may be involved in the licensing process. For example, the competent authority issuing a license for power generation will be the Department for Regulation of the Fuel and Energy Complex under the Ministry of Energy of Kyrgyzstan, whereas the construction license is issued by the Ministry of Construction, Architecture and Housing, and Communal Services of Kyrgyzstan.

A license holder must comply with licensing requirements of both Licensing Law and Licensing Regulation. Should the license holder fail to comply with licensing requirements, the license may be suspended or revoked.

In certain cases, licenses issued by authorized bodies of foreign states may be recognized in the territory of Kyrgyzstan through mutual recognition of licenses, automatic recognition of licenses on the basis of international agreements, and unilaterally. Licenses for certain types of activities issued by authorized bodies of foreign states shall be recognized as valid in the territory of Kyrgyzstan without additional licensing procedures and without the issuance of a national license by entering information about the licensor in the register (except in cases provided for by legislation in the banking sector). Similar to the general licensing process, however, a license holder must comply with licensing requirements of both Licensing Law and Licensing Regulation. Should the license holder fail to comply with licensing requirements, the license may be suspended or revoked.

Environmental and Social Matters

The primary legal framework governing environmental matters in Kyrgyzstan is the Law of Kyrgyzstan "On Protection of Environment" dated June 16, 1999, No. 53 (the "**Environmental Law**") and its associated licensing regulations. While Kyrgyzstan lacks specific legislation dedicated to social issues, relevant aspects are addressed in various laws, such as the Environmental Law, which guarantees every Kyrgyz citizen the right to a clean, safe, and healthy environment.

For the implementation of the Bishkek Project, it is necessary to obtain both a state environmental impact assessment report and a state environmental examination report. The term of the state environmental examination is determined by the complexity of the object of expertise but should not exceed three months from the date of receipt of the necessary materials in full. A negative outcome from the state environmental examination may necessitate remedial measures and a potential re-examination with revised and improved documentation.

Labour

The Labour Code of Kyrgyzstan is the primary legal framework governing employment, regulating employee-employer relationships, contracts, working conditions, remuneration, and other crucial aspects. It applies not only to Kyrgyz citizens but also to foreign nationals.

Foreign nationals can work in Kyrgyzstan if they obtain a single permit, which is subject to approval by the Migration Department of Kyrgyzstan. Their salaries and other income can be freely transferred after tax compliance, and employers are required to withhold social contributions. Foreign specialists do not need additional licenses or certifications but must provide relevant qualifications when applying for a permit. Labour laws apply equally to foreign nationals, granting them rights to fair remuneration, safe working conditions, rest, social security, and the ability to join unions.

Foreign workers must adhere to the same obligations as local employees. Regarding immigration, citizens of certain countries, such as members of the Eurasian Economic Union, do not need a single permit, while others do. There are also foreign labour quotas.

Legislation does not impose special requirements for hiring local employees. There are local hiring requirements for certain industries, such as mining, in accordance with current legislation. However, these requirements do not apply to the waste-to-energy project. Employment contracts must specify terms, including duration, job role, remuneration, and working conditions. A probationary period may be set but cannot exceed three months, except in specific cases. Employees are subject to compulsory social insurance, with both employees and employers contributing. Employers must also pay compensation in cases of dismissal or work-related injuries, with specific compensation rules depending on the circumstances. Workers are entitled to safe working conditions, with the employer responsible for ensuring compliance with safety regulations.

Under the current labour regime, most foreign nationals, in accordance with immigration regulations, are required to obtain a single permit (which includes a visa, a work permit, and a permit to hire a foreign employee), which is considered by the Department of External Migration (the 'Migration Department'), which is the main regulatory body in this area.

The single permit is a document provided electronically to foreign workers, it combined a labour visa, a permit to hire foreign labour, and a work permit, and is issued by an authorized state body in the field of foreign affairs. The permit is applied for through the 'Electronic Visa' portal, submitted by the inviting party (such as an applicant planning to employ foreign workers in Kyrgyzstan). The permit includes a personal number for the foreign worker. The application requires details such as the inviting party's name, TIN, type of activity, and the number of foreign workers needed, including their country of citizenship.

For foreign workers to enter Kyrgyzstan for employment, a single permit is issued for up to 60 days, and is extendable for up to one year. Required documents for the single permit include a petition from the inviting party, proof of the need for foreign workers, employment contract, and copies of various legal and tax documents. For a single permit that is valid up to one-year, additional documents like a certified employment contract, medical reports, and registration details are needed.

Applications for extensions must be submitted 10 working days before the permit expires and will be processed within 7 working days. Rates for the single permit depend on the type and duration, with varying fees for foreign workers from different countries. Additionally, foreign nationals must register their residence at their actual place of residence in Kyrgyzstan.

Certain foreign workers, such as seconded employees or executives involved in grant and investment projects, may not require a work permit under specific circumstances.

Taxation

Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) are subject to a general tax regime with obligation to pay:

a. Corporate income tax (withholding tax to non-residents);

b. VAT;

c. Sales tax;

d. Excise tax (if applicable);

e. Property tax;

f. Personal income tax (as a tax agent for its employees).

Apart from this, both Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) may enjoy benefits from using double tax treaties and special exemptions on the basis of the agreements entered into with the local authorities in Kyrgyzstan. Kyrgyzstan has signed 36 double tax treaties with various countries, including China. Subject to the provisions of the Investment Agreement, Junxin (Kyrgyzstan) is exempted from:

– import customs duties on technological equipment, components and spare parts for it, raw materials and materials imported for the implementation of an investment project under the Investment Agreement, in accordance with international treaties that have entered into force in accordance with the legislation of the Kyrgyz Republic; and

– value added tax on technological equipment, components and spare parts for it, raw materials and materials imported for the implementation of an investment project under the Investment Agreement.

The above tax exemptions are valid and effective based on the provisions of the tax legislation that allows investment agreements to provide tax exemptions that prevail over statutory tax provisions.

In accordance with the Minutes of the Committee under the Cabinet of Ministers of the Kyrgyz Republic dated 9 February 2026 on selection of national investment project and state importance projects, the project for construction of the waste-to-energy plants in Issyk-Kul region of the Kyrgyz Republic implemented by Junxin (Issyk-Kul) has been selected as a national investment project. Pursuant to the Resolution of the Cabinet of Ministers of the Kyrgyz Republic dated 13 May 2026 No. 329-m, Junxin (Issyk-Kul) in charge of the corresponding national investment project has been exempted from value added tax on imports of process equipment, components and spare parts for such equipment, and raw materials and supplies imported for the purposes of the project, provided that it will complete the project construction within the established time period.

In the event Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) declare dividends, they will be able to do so in any foreign currency freely transferable out of Kyrgyzstan without the necessity of obtaining any governmental approvals or permits subject to the payment of withholding tax at the rate of 10%. In the light of the existing and effective Double Taxation Treaty between the Kyrgyz Republic and the People's Republic of China dated June 24, 2002, both Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) may pay the withholding tax in the Kyrgyz Republic without payment of the same in the People's Republic of China.

IFRS is adopted in Kyrgyzstan as a unified methodological basis for accounting and preparation of financial statements.

OVERVIEW

We are a company that provides specialized solutions in integrated waste treatment and resource utilization, including the investment, management, and operation of green energy and environmental services projects. Our core business comprises (i) clean waste-to-energy incineration; (ii) the integrated treatment of various types of waste (including sludge, food waste, sewage and leachate, fly ash, and others); (iii) the interim treatment and transfer of household waste; and (iv) the collection, harmless treatment, compression, and resource utilization of food waste. Our journey can be traced back to September 2011 when Hunan Junxin Sludge Treatment Co., Ltd.* (湖南軍信污泥處置有限公司) ("**Junxin Sludge Treatment**"), the predecessor of our Company, was established in the PRC as a limited liability company. In April 2017, our Company was converted into a joint stock limited company and renamed as Hunan Junxin Environmental Protection Co., Ltd.* (湖南軍信環保股份有限公司).

Under the leadership of Mr. Dai, we have developed into a top-ranked waste-to-energy enterprise in China and the market leader in Hunan Province, committed to environmental stewardship and technological excellence. For the biography of Mr. Dai, please see the section headed "Directors and Senior Management" in this Document.

We have demonstrated our ability to replicate our success across regions by both organic expansion and strategic acquisitions. Our business in the interim treatment and transfer of household waste, and the harmless treatment and resource utilization of food waste was consolidated in our Group in November 2024 through the Acquisition of Renhe. Not only has such acquisition broadened our service footprint — particularly in Changsha and surrounding areas — it also deepened our capabilities across the solid waste treatment value chain. We have also launched overseas initiatives that underscore our ability to deliver scalable environmental infrastructure in Kyrgyzstan. Furthermore, we have entered into the relevant investment agreement for jointly developing a green energy and environmental services project in Kazakhstan.

BUSINESS DEVELOPMENT MILESTONES

The following table illustrates the key milestones of our business development since our establishment:

Year	Milestone
2011	The predecessor of our Company was established.
2017	We converted into a joint-stock liability company.
	Pursuant to a Concession Business and Asset Transfer Agreement, we took over the sewage treatment, and landfill concession operations and related assets from Junxin Group, and commenced providing relevant services to our customers. Please refer to the sub-section headed "Major acquisitions" in this section for further details.
2018	Our Changsha Waste-to-energy Incineration Project (phase I) commenced with a daily design capacity of 5,000 tons of waste, and was subsequently recognized as a benchmark project in Hunan Province's environmental sanitation industry.
2019	Our Changsha Waste-to-energy Incineration Project (phase I) was awarded the 2018-2019 China Construction Engineering Luban Prize (National Quality Project).
2021	Our Changsha Waste-to-energy Incineration Project (phase II) commenced with a daily treatment capacity of 2,800 tons of waste and 500 tons of sludge, making Changsha the first city in China to achieve full-volume incineration of municipal solid waste.
2022	We were listed on the Shenzhen Stock Exchange.

Year	Milestone
2023	Our Changsha Waste-to-energy Incineration Project (phase II) was awarded the 2022-2023 China Construction Engineering Luban Prize (National Quality Project).
2024	Pingjiang Waste-to-Energy Incineration Project commenced with a daily treatment capacity of 600 tons of waste.
	We completed the Acquisition of Renhe.
	We signed a concession agreement and a power purchase agreement for Bishkek Project in Kyrgyzstan.
2025	Liuyang Project commenced with a daily treatment capacity of 1,200 tons of waste.
	We entered into the relevant investment agreement with the local government authorities of Almaty, Kazakhstan to jointly develop a green energy and environmental services project in Almaty, Kazakhstan.
	Phase I of the Bishkek project commenced operation.
2026	We entered into a service concession agreement to develop a green energy and environmental services project in Osh City, Kyrgyzstan.
	We entered into a waste supply agreement and a power purchase agreement in April 2026 in relation to a green energy and environmental services project with the local government authorities of Almaty, Kazakhstan.
	We received a notice of award for the Changsha Hexi Waste-to-Energy Incineration Power Plant Project (with a planned treatment capacity of 4,000 tons per day).

OUR MAJOR OPERATING SUBSIDIARIES

The following subsidiaries of our Group had made material contribution to our results of operations during the Track Record Period.

Name of major subsidiary[1]	Principal business activities	Shareholding controlled by our Company	Date and jurisdiction of establishment
Renhe Environmental Protection[2]	Interim treatment, compression, and transfer of household waste in the PRC	63%	July 1, 2004, PRC
Renhe Environment Technology[2]	Collection, harmless treatment and resource utilization of food waste in the PRC	63%	November 23, 2011, PRC
Pingjiang Junxin	Operation of waste-to-energy projects for co-incineration of waste and sludge in the PRC	100%	July 31, 2012, PRC
Puxiang Bioenergy	Operation of waste-to-energy incineration projects in the PRC	80%	December 28, 2015, PRC
Puxiang Environmental Energy	Operation of waste-to-energy projects for co-incineration of waste and sludge in the PRC	70%	April 23, 2019, PRC

Name of major subsidiary[1]	Principal business activities	Shareholding controlled by our Company	Date and jurisdiction of establishment
Liuyang Junxin	Operation of waste-to-energy incineration projects in the PRC	70%	March 21, 2023, PRC

Notes:

(1) Each of these major subsidiaries contribute to 10% or more of our Group's total revenue during the Track Record Period.

(2) Renhe Environment Technology is directly owned as to 63% by our Company and Renhe Environmental Protection is a direct wholly-owned subsidiary of Renhe Environment Technology.

CORPORATE DEVELOPMENT OF OUR COMPANY

Early development of our Company

On September 22, 2011, the predecessor of our Company Junxin Sludge Treatment was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB30,000,000. As of the date of its establishment, Junxin Sludge Treatment was owned as to 75% by Junxin Group and 25% by Changsha Drainage Co., Ltd.* (長沙市排水有限責任公司).

Conversion of our Company into a joint stock company

On April 25, 2017, our Company was converted into a joint stock company and was renamed as Hunan Junxin Environmental Protection Co., Ltd* (湖南軍信環保股份有限公司), with Junxin Group, Mr. Dai and He Yingpin (何英品) being our promoters and the registered capital of our Company being RMB50,000,000. Upon the completion of such conversion, our Company was held as to 90.0% by Junxin Group, 5.5% by Mr. Dai and 4.5% by He Yingpin.

Listing on the Shenzhen Stock Exchange

With the approval of the CSRC, we completed our initial public offering of 68,340,000 A Shares and became listed on the Shenzhen Stock Exchange (stock code: 301109.SZ) on April 13, 2022. We raised approximately RMB2,265.13 million from the listing of A Shares after deducting the underwriting commissions and offering-related expenses. Upon completion of the listing of A Shares, our Company had a registered capital of RMB273,340,000 divided into 273,340,000 A Shares.

Acquisition of Renhe and raising supporting funds

Pursuant to an agreement for the purchase of assets by share issue and cash payment (《發行股份及支付現金購買資產協議》 (the "**Agreement for the Purchase of Assets by Share Issue and Cash Payment**") dated March 3, 2023 and the subsequent supplemental agreements, our Company agreed to acquire a total of 63% equity interest in Renhe Environment Technology from 19 counterparties, including Hunan Renjing, Hunan Renlian, Hong Yefan (洪也凡), Hunan Renyi and Hu Shiti (胡世梯). As part of the consideration of the above equity transfers, our Company issued a total of 105,615,853 A Shares to the 19 counterparties, which was approved by the CSRC in July 2024 and were listed in December 2024.

For further details of the Acquisition of Renhe, please refer to the sub-section headed "Major acquisitions" in this section.

Alongside with the above, our Company conducted a non-public offering of 48,017,606 A Shares to 14 specified investors for fund raising of the Acquisition of Renhe and supplementing the working capital of the Company. Upon the completion of the Acquisition of Renhe and such non-public offering, the total registered capital of our Company increased to RMB563,643,459.

2025 share repurchase plan

In April 2025, our Board of Directors resolved a plan to repurchase, in the next 12 months, A Shares from the secondary market using our internal capital, with a total budget between RMB200 million to RMB300 million and a target price of not more than RMB30.57 per A Share (revised on June 17, 2025 to RMB21.19 per A Share with effect from June 17, 2025) (the "**2025 Share Repurchase Plan**"), for the purpose of granting such repurchased A Shares under any future employee stock ownership plans or share incentive scheme. The 2025 Share Repurchase Plan was completed on April 1, 2026, and as of the date of its completion, 18,889,311 A Shares were repurchased and held in our Company's stock repurchase account, representing approximately 2.39% of our Shares as at the Latest Practicable Date. Please see the "Statutory and General Information — 4. 2025 Share repurchase plan" in Appendix VI to this Document for further details. As of the Latest Practicable Date, our Company had a registered capital of RMB789,100,842.

MAJOR ACQUISITIONS

Major acquisitions prior to the Track Record Period

Acquisition of Puxiang Bioenergy and concession business from Junxin Group

Puxiang Bioenergy was established in the PRC as a limited liability company on December 28, 2015, which was principally engaged in the business of operation of waste-to-energy incineration projects in the PRC. On June 29, 2017, our Company entered into a capital increase agreement with Junxin Group, pursuant to which our Company agreed to acquire 80% of the equity interest in Puxiang Bioenergy, in consideration for Junxin Group's subscription of RMB113,055,552 of the registered capital of our Company. The consideration was determined on the basis of arm's length negotiation, taking into account (i) an audit report of Puxiang Bioenergy prepared by an independent auditor; and (ii) a valuation report issued by an independent valuer. After the above acquisition, Puxiang Bioenergy became a direct non-wholly owned subsidiary of our Company.

Our Company also entered into a concession business and asset transfer agreement ("**Concession Business and Asset Transfer Agreement**") with Junxin Group on June 29, 2017, pursuant to which Junxin Group agreed to transfer its concession business of sewage treatment and waste landfill, together with the related assets, rights and liabilities, and personnel, to our Company at a consideration of approximately RMB197.2 million. The consideration was determined on the basis of arm's length negotiation, taking into account (i) an audit report of the relevant assets and liabilities prepared by an independent auditor; (ii) a valuation report issued by an independent valuer; and (iii) the then audited net asset value of our Company.

The acquisitions were properly and legally completed and settled on June 30, 2017, and all relevant approval required from the relevant authorities have been obtained. The acquisitions were driven by our Company's need to integrate solid waste treatment-related business, improve operational efficiency and eliminate competition with Junxin Group.

Acquisition of Pingjiang Junxin

Pingjiang Junxin was established in the PRC as a limited liability company on July 31, 2012, which was principally engaged in the business of operating waste-to-energy projects for co-incineration of waste and sludge in the PRC. On June 30, 2020, our Company entered into an equity transfer agreement with each of Junxin Group and Leng Chaoqiang, pursuant to which Junxin Group and Leng Chaoqiang agreed to transfer 94% and 6% of the equity interest in Pingjiang Junxin to our Company at a consideration of approximately RMB24.2 million and RMB1.5 million, respectively. The consideration was determined on the basis of arm's length negotiation, taking into account (i) an audit report of Pingjing Junxin prepared by an independent auditor; and (ii) a valuation report issued by an independent valuer. After the above acquisition, Pingjiang Junxin became a direct wholly-owned subsidiary of our Company.

The acquisition was properly and legally completed and settled by cash on June 30, 2020, and all relevant approval required from the relevant authorities have been obtained. The acquisition was also driven by our Company's need to eliminate competition with Junxin Group.

Major acquisition during the Track Record Period

Acquisition of Renhe

Renhe Environment Technology was established in the PRC as a limited liability company on November 23, 2011, which was principally engaged in the business of collection, harmless treatment and resource utilization of food waste in the PRC. Pursuant to the Agreement for the Purchase of Assets by Share Issue and Cash Payment dated March 3, 2023 entered into between the Company and the then shareholders of Renhe Environment Technology, as well as the relevant subsequent supplemental agreements, the Company agreed to acquire a total of 63% equity interest in Renhe Environment Technology from 19 counterparties, including Hunan Renjing, Hunan Renlian, Hong Yefan, Hunan Renyi and Hu Shiti. The total consideration of the acquisition of Renhe Environment Technology comprised the issuance of 105,615,853 A Shares by our Company with fair value of RMB1,537,767,000 and the cash payment of RMB659,043,000, equivalent to a total value of RMB2,196,810,000. The consideration was determined on the basis of arm's length negotiation, taking into account (i) the then average share price of our Company; and (ii) a valuation report for the equity interest of Renhe Environment Technology issued by an independent valuer. After the above acquisition, Renhe Environment Technology became a direct non-wholly owned subsidiary of our Company.

The acquisition was executed through a combination of share issuance and cash payment, which were fully settled in November 2024 and January 2025, respectively. All relevant approval required from the relevant authorities have been obtained, including the approval by CSRC in July 2024. The acquisition was driven by our Company's business plan to enter into the food waste business and household waste transfer business, and deepen our capabilities across the solid waste treatment value chain.

As one or more of the applicable ratios exceed 25% but less than 100%, the Acquisition of Renhe is considered as a major transaction, and the relevant pre-acquisition financial information is required to be disclosed pursuant to Rule 4.05A of the Hong Kong Listing Rules. For details of certain pre-acquisition financial information of Renhe Environment Technology from January 1, 2023 to November 30, 2024, please refer to Note 34 to the Accountants' Report included in Appendix I to this Document. We have consolidated the results of operations of Renhe Environment Technology since December 2024. For details, please refer to Note 15 to the Accountants' Report included in Appendix I to this Document.

Pursuant to the Agreement for the Purchase of Assets by Share Issue and Cash Payment, the Company also entered into a performance pledge and compensation agreement and relevant supplemental agreements (the "**Performance Pledge and Compensation Agreements**") with Hunan Renlian, Hunan Renjing, Hong Yefan, Yi Zhigang (易志刚), Hu Shiti, Zu Zhu (祖柱) and Hunan Renyi (collectively, the "**Agreements for Acquisition of Renhe**"). The following sets out a summary of the major terms of the Agreements for Acquisition of Renhe:

Governance of Renhe Environment Technology:	The board of directors of Renhe Environment Technology shall comprise seven directors, and our Company shall have the right to nominate four directors.
Profit guarantee:	Each of Hunan Renlian, Hunan Renjing, Hong Yefan, Yi Zhigang, Hu Shiti, Zu Zhu and Hunan Renyi (the "**Profit Guarantors**") guarantees that, during the years of 2023, 2024, 2025, 2026 and 2027 (the "**Profit Guarantee Period**"), the annual net profit of Renhe Environment Technology shall not be less than RMB412,312,600, RMB416,321,500, RMB436,089,200, RMB458,268,100 and RMB475,248,400, respectively (the "**Profit Guarantees**", each a "**Profit Guarantee**"). It is agreed that the determination of annual net profit of Renhe Environment Technology shall exclude the non-recurring profit or loss items and shall not consider the impact of (i) the share-based payment expenses incurred by Renhe Environment Technology due to share incentives implemented by our Company, and (ii) the profit or loss generated from newly initiated investment projects of Renhe Environment Technology after the completion of acquisition.

	Upon the expiration of the Profit Guarantee Period, a special audit will be performed by a qualified auditor on the actual aggregate net profit of Renhe Environment Technology. If the actual aggregate net profit for the Profit Guarantee Period is lower than the aggregate amount of Profit Guarantees for the Profit Guarantee Period, each of the Profit Guarantors shall proportionately compensate our Company with the Shares issued to him/it in the Acquisition of Renhe with reference to (i) the shortfall between the actual aggregate net profit and the aggregate Profit Guarantees for the Profit Guarantee Period; (ii) the issue price of Shares in the Acquisition of Renhe; and (iii) the total consideration for the Acquisition of Renhe. In the event that the number of Shares subject to compensation exceeds the number of Shares actually issued to the Profit Guarantors, the shortfall shall be compensated by cash. Since the completion of the Acquisition of Renhe, each of the Profit Guarantees for the years of 2023, 2024 and 2025 has been achieved.
Lock-up period:	According to applicable PRC regulatory requirements, the Shares issued by our Company to the counterparties for the Acquisition of Renhe shall be subject to a lock-up period of 12 months or 24 months, commencing from the date of issuance. Upon arms' length negotiations between the parties, in addition to the above and subject to a special audit performed for the relevant period, the Shares issued to the Profit Guarantors shall be further subject to the lock-up and release arrangement that, if the net profit achieved by Renhe Environment Technology for the period of 2023 to 2025, 2023 to 2026 and 2023 to 2027 exceeds the aggregate amount of Profit Guarantees for the respective period, a total of 30%, 60% and 100% of the Shares issued to the Profit Guarantors shall be unlocked at the end of the aforesaid respective period.
Right of first refusal:	The Company shall have the right of first refusal for the potential acquisition of the remaining 37% equity interest in Renhe Environment Technology, provided that the actual aggregate net profit for the Profit Guarantee Period achieves no less than 80% of the aggregate amount of Profit Guarantees for the Profit Guarantee Period. The purchase price for the remaining equity interest will be determined based on a valuation report jointly commissioned by both parties at the time of the transaction.

ACTING IN CONCERT

On October 12, 2020, Mr. Dai and Ms. Li, the mother-in-law of Mr. Dai, entered into the AIC Agreement, pursuant to which (i) Mr. Dai and Ms. Li acknowledged and agreed that they have acted and will continue to act in concert for all management affairs of our Group, and they have casted and will continue to cast votes unanimously for or against all resolutions in all general meetings of the Company; (ii) if either Mr. Dai and Ms. Li is unable to attend a general meeting, he/she shall appoint the other party as his/her proxy to attend and exercise voting rights on his/her behalf, and if both Mr. Dai and Ms. Li are unable to attend a general meeting, they shall jointly appoint a third-party representative to attend and vote on their behalf; and (iii) if Mr. Dai and Ms. Li are unable to reach a consensus on relevant matters after extensive discussion, Mr. Dai's opinion shall take precedence. The AIC Agreement took effect on October 12, 2020 with an indefinite term. Please see the section headed "Substantial Shareholders" in this Document for details of the shareholding interest of our Controlling Shareholders.

VOTING RIGHTS PROXY AGREEMENT

In light of the Acquisition of Renhe, on June 26, 2023, Hong Yefan, Hunan Renlian, Hunan Renjing, Hunan Renyi, being the Proxy Grantors, entered into the Voting Rights Proxy Agreement with Mr Dai, pursuant to which Mr Dai, for an indefinite term, was appointed as the exclusive, irrevocable and unconditional proxy of the Proxy Grantors to exercise in his sole discretion at the general meetings of the Company all voting rights attached to the Shares held by the Proxy Grantors. On October 24, 2023, the Proxy Grantors and Mr. Dai entered into a supplemental agreement to amend the term of the Voting Rights Proxy Agreement, such that it would be effective for a term commencing from the date on which the Shares were registered under the name of the Proxy Grantors and ending on December 31, 2027. By entrusting such voting rights to Mr. Dai, the Proxy Grantors affirm their support and faith in the leadership and management of Mr. Dai to act in a manner that is aligned with the interests of our Group and Shareholders as a whole. Furthermore, the execution of the Voting Rights Proxy Agreement enhanced Mr. Dai's control over the Company after the completion of the Acquisition of Renhe. Thus, the voting proxy arrangement will be beneficial to the overall strategic planning and decision-making process of the Company.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE PROPOSED [REDACTED] ON THE [REDACTED]

To the best knowledge of the Directors, we have been operating in compliance with the Shenzhen Stock Exchange Listing Rules and other applicable securities laws and regulations of the PRC in all material aspects during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we had no instance of material non-compliance with the Shenzhen Stock Exchange Listing Rules and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Adviser advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the filings on the website of the Shenzhen Stock Exchange, the information available in the public domain and the independent due diligence performed by the Joint Sponsors, the Joint Sponsors do not disagree with the above confirmation provided by the Directors with regard to the Company's compliance record on the Shenzhen Stock Exchange in all material respects since the A Share Offering and there are no material issues in relation to its compliance record since the A Share Offering that should be brought to the [**REDACTED**] attention.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to promote our globalization strategy, improve our international brand image and competitiveness. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" for more details.

[**REDACTED**]

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13A of the Listing Rules) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by the [**REDACTED**], at the time of [**REDACTED**], must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3.0 billion.

Our A Shares are listed on the Shenzhen Stock Exchange. Assuming that (i) [**REDACTED**] H Shares are [**REDACTED**] in the [**REDACTED**] and none of which will be [**REDACTED**] to any core connected person of our Company, (ii) the [**REDACTED**] is not exercised, and (iii) 789,100,842 A Shares are in issue upon completion of the [**REDACTED**], [**REDACTED**] H Shares, representing approximately [**REDACTED**]% of our total issued share capital immediately upon [**REDACTED**] (excluding any treasury Shares), will be counted towards the [**REDACTED**]. Based on the above, it is expected that our Company will satisfy the [**REDACTED**] requirements as required under Rule 19A.13A(2) of the Listing Rules. With respect to the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], the expected [**REDACTED**] of our H Shares held by the [**REDACTED**] would be HK$[**REDACTED**].

[**REDACTED**]

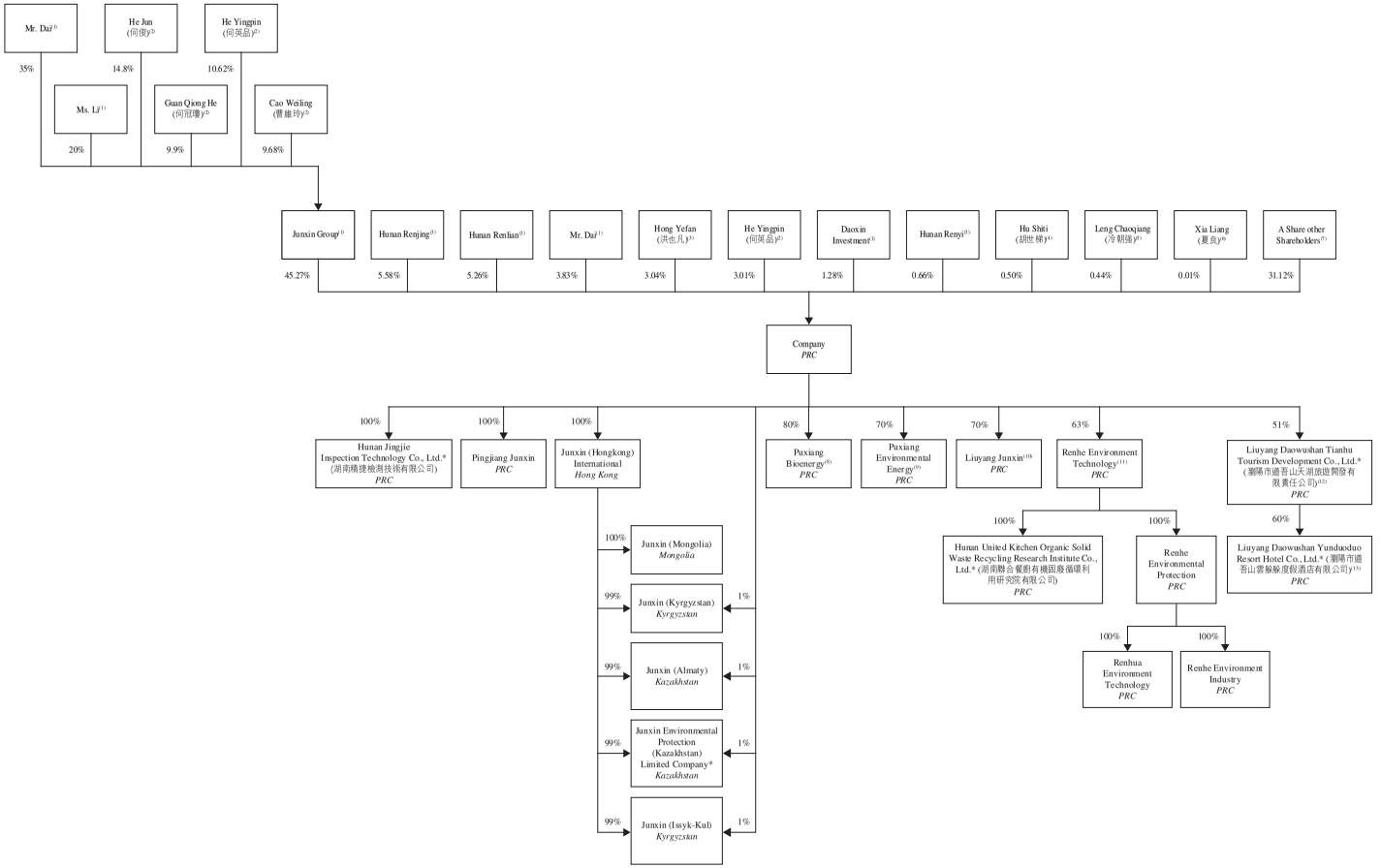
Pursuant to Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of [**REDACTED**], this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by the [**REDACTED**] and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [**REDACTED**], must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [**REDACTED**] (excluding treasury shares), with an expected [**REDACTED**] value at the time of [**REDACTED**] of not less than HK$50.0 million; or (b) have an expected [**REDACTED**] value at the time of [**REDACTED**] of not less than HK$600.0 million.

Assuming that the [**REDACTED**] is not exercised, and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], save for [**REDACTED**] H Shares (representing [**REDACTED**]% of our total issued Shares immediately upon completion of the [**REDACTED**]) to be issued to the [**REDACTED**] that are subject to disposal restrictions for a period of six months from the [**REDACTED**], the remaining [**REDACTED**] H Shares with an expected [**REDACTED**] of HK$[**REDACTED**] will be held by the [**REDACTED**] and will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of the [**REDACTED**]. Our Company will satisfy the [**REDACTED**] requirement under Rule 19A.13C of the Listing Rules.

CORPORATE STRUCTURE

Corporate structure immediately prior to the [REDACTED]

The chart below sets out the shareholding structure of our Group immediately before completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**]):



Notes:

(1) Mr. Dai, Ms. Li, Junxin Group and Daoxin Investment are a group of our Controlling Shareholders. Ms. Li is the mother-in-law of Mr. Dai and has entered into the AIC Agreement with Mr. Dai. Please see the sub-section headed "Acting in concert" in this section. Mr. Dai is also the executive partner of Daoxin Investment, an employee shareholding platform of our Company. As of the Latest Practicable Date, the partnership interests of Daoxin Investment were held as to approximately 20.61% by Mr. Dai and 79.39% by the other 29 limited partners, who are employees, former employees and the heirs of a former employee of our Group. None of the limited partners holds 30% or more of the partnership interests of Daoxin Investment.

(2) He Yingpin is our non-executive Director. He Jun, Guan Qiong He and Cao Weiling is the sister, the daughter and the spouse of He Yingpin, respectively. Pursuant to the Minority Shareholders' Undertakings, each of He Yingpin, He Jun, Guan Qiong He and Cao Weiling undertook not to proactively seek the de facto control of the Company or Junxin Group. Please see the section headed "Relationship with our Controlling Shareholders" in this Document for further details.

(3) As of the Latest Practicable Date, Hunan Renjing was owned as to approximately 93.98% by Hong Yefan and 6.02% by Hong Yejia (洪也佳), the sister of Hong Yefan. Hunan Renlian was owned as to 38% by Hunan Renjing and 62% by Hunan Renlun Technology Co., Ltd.* (湖南仁倫科技有限公司), the interest of which was owned as to approximately 40.88% by Hong Yefan, 22.00% by Alan Yilun Hong, 22.00% by Yi Ke Hong, 9.25% by Hu Shiti and 5.87% by Tian Jieyu (田倢宇), Alan Yilun Hong, Yi Ke Hong, and Tian Jieyu are respectively the son, daughter, and nephew of Hong Yefan. Hunan Renjing is the executive partner of Hunan Renyi, an employee shareholder platform of Renhe Environment Technology. As of the Latest Practicable Date, the partnership interests of Hunan Renyi were held as to approximately 0.75% by Hunan Renjing and 99.25% by the other 11 limited partners, who are employees and former employees of our Group. Except Yi Zhigang who holds approximately 51.94% of the partnership interests, none of the other limited partners holds 30% or more of the partnership interests of Hunan Renyi.

(4) Hu Shiti is our executive Director and the uncle of Hong Yefan. Please see the section headed "Directors and Senior Management" in this Document for further details.

(5) Leng Chaoqiang is our executive Director and the general manager of our Company. Please see the section headed "Directors and Senior Management" in this Document for further details.

(6) Xia Liang is our non-executive Director (employee representative Director). Please see the section headed "Directors and Senior Management" in this Document for further details.

(7) As of the Latest Practicable Date, 18,889,311 A Shares were held by the Company as treasury Shares, which did not carry any Shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights.

(8) As of the Latest Practicable Date, the remaining interest in Puxiang Bioenergy was owned as to 10% by Shanghai Pudong Environmental Energy Development Co., Ltd.* (上海浦東環保能源發展有限公司) ("**Pudong Environmental Energy**") and 10% by Yonker Environmental Protection Co., Ltd.* (永清環保股份有限公司) ("**Yonker Environmental Protection**"). Each of Pudong Environmental Energy and Yonker Environmental Protection is an Independent Third Party.

(9) As of the Latest Practicable Date, the remaining interest in Puxiang Environmental Energy was owned as to 15% by Pudong Environmental Energy and 15% by Changsha Wangcheng District Urban Construction Investment Group Co., Ltd.* (長沙市望城區城市建設投資集團有限公司) ("**Wangcheng Urban Construction**"). Wangcheng Urban Construction is an Independent Third Party.

(10) As of the Latest Practicable Date, the remaining interest in Liuyang Junxin was owned by Liuyang Urban and Rural Development Group Co., Ltd.* (瀏陽市城鄉發展集團有限責任公司) ("**Liuyang Urban Development**"). Liuyang Urban Development is an Independent Third Party.

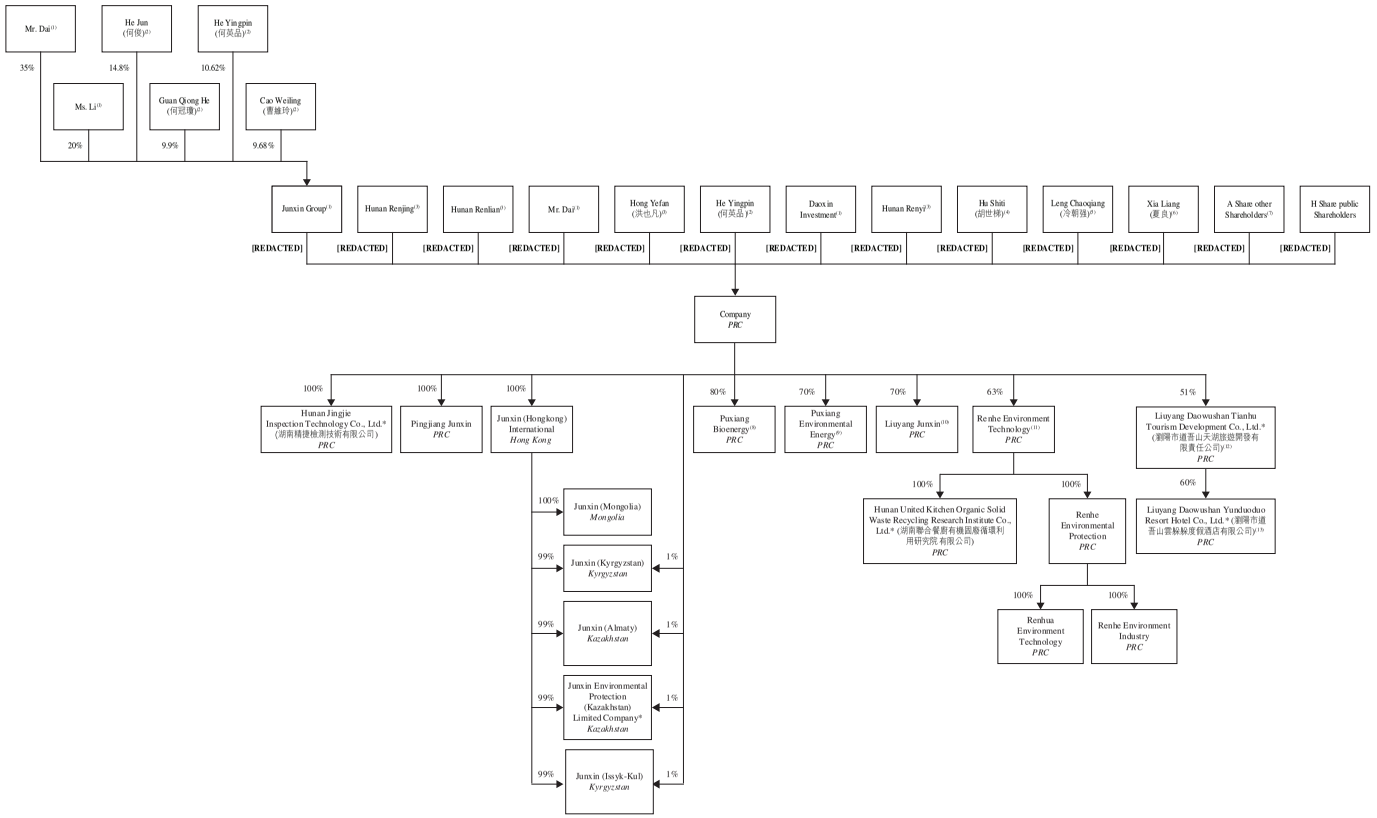
(11) As of the Latest Practicable Date, the remaining interest in Renhe Environment Technology was owned as to approximately 23.14% by Hunan Renlian, 5% by Hong Yefan, 3.19% by Alan Yilun Hong, 3.19% by Yi Ke Hong, 0.91% by Yi Zhigang, 0.90% by Hu Shiti, 0.42% by Yang Jianzeng (楊建增) and 0.25% by Zu Zhu. Alan Yilun Hong and Yi Ke Hong is respectively the son and the daughter of Hong Yefan. Yi Zhigang serves different positions in certain members of our Group, namely a director and the general manager of Renhe Environment Technology, the executive director of Hunan United Kitchen Organic Solid Waste Recycling Research Institute Co., Ltd.* (湖南聯合餐廚有機固廢循環利用研究院有限公司) ("**Hunan United Kitchen Research**") and the chairman of the board of directors of Renhe Environmental Industry. Hu Shiti is an executive Director of our Company and the uncle of Hong Yefan. Yang Jianzeng is a former director of Renhe Environment Technology. Zu Zhu is the general manager of Hunan United Kitchen Research.

(12) As of the Latest Practicable Date, the remaining interest in Liuyang Daowushan Tianhu Tourism Development Co., Ltd.* (瀏陽市道吾山天湖旅遊開發有限責任公司) was owned by Liuyang Cultural Tourism Industry Development Co., Ltd.* (瀏陽市文化旅遊產業發展有限責任公司) ("**Liuyang Cultural Tourism**"). Liuyang Cultural Tourism is an Independent Third Party.

(13) As of the Latest Practicable Date, the remaining interest in Liuyang Daowushan Yunduoduo Resort Hotel Co., Ltd.* (瀏陽市道吾山雲躲躲度假酒店有限公司) was owned by Hunan Yunduoduo Resort Hotel Co., Ltd.* (湖南雲躲躲度假酒店有限責任公司) (**"Hunan Yunduoduo**"), which is owned as to 51% by Bu Duo (卜多), 39% by Liu Cai (劉彩), being the two shareholders who holds 30% or more of the equity interests of Hunan Yunduoduo. Each of Hunan Yunduoduo, Bu Duo (卜多) and Liu Cai (劉彩) is an Independent Third Party.

Corporate structure immediately following completion of the [REDACTED]

The chart below sets out the shareholding structure of our Group immediately following completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**] and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]):



Notes:

See notes (1) to (13) of sub-section headed "— Corporate structure immediately prior to the [**REDACTED**]" above for details.

OVERVIEW

We are a company that provides specialized solutions in integrated waste treatment and resource utilization, including the investment, management, and operation of green energy and environmental services projects. According to F&S, our Changsha Environmental Protection Industrial Park, in which our main operations are situated, is among the largest integrated environmental parks in the industry in China, in terms of project scale. Such project scale is measured primarily by designed waste treatment capacity, which is the most common industry metric for benchmarking integrated environmental parks and individual treatment projects. As of the Latest Practicable Date, it housed a multitude of projects, including those in relation to clean waste-to-energy incineration, and the integrated treatment of various types of waste.

Our core business comprises (i) clean waste-to-energy incineration; (ii) the integrated treatment of various types of waste (including sludge, sewage and leachate, fly ash, and others); (iii) the interim treatment, compression, and transfer of household waste; and (iv) the collection, harmless treatment, and resource utilization of food waste. In particular,

- ***Clean waste-to-energy incineration:*** We provide clean waste-to-energy incineration and green energy via our Changsha Waste-to-energy Incineration Project (phases I and II), Liuyang Waste-to-Energy Incineration Project, and Pingjiang Waste-to-Energy Incineration Project. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, such projects had a combined household waste treatment volume 3.2 million, 3.2 million, 3.8 million and 1.0 million tons, respectively, and had generated 1.5 billion, 1.5 billion, 1.8 billion, and 0.5 billion kWh, respectively, of on-grid electricity, at an efficiency of 452 kWh, 460 kWh, 486 kWh, and 509 kWh, respectively, of on-grid electricity per ton of household waste treated. As of the Latest Practicable Date, our clean waste-to-energy incineration projects had a combined daily incineration capacity of 10,600 tons of household waste. Moreover, according to F&S, in terms of the average on-grid electricity generated per ton of waste, we ranked first among all companies that provide waste-to-energy incineration in China in 2025.

- ***The integrated treatment of various types of waste:*** In addition to our Changsha Waste-to-energy Incineration Project, our Changsha Environmental Protection Industrial Park also housed various waste treatment projects in relation to sludge, leachate, fly ash, and others. As of the Latest Practicable Date, projects within our park's campus had a combined daily treatment capacity of 2,700 tons of leachate, 1,000 tons of sludge, and 215 tons of fly ash. Our Liuyang fly ash treatment project commenced operation in May 2026 and, as of the Latest Practicable Date, had a daily treatment capacity of 42 tons of solidified material resulting from the chelation and stabilization of fly ash. In addition, our Projects in Pingjiang and Changsha Transfer Project also housed sewage treatment projects.

- ***The interim treatment, compression, and transfer of household waste:*** Through the Acquisition of Renhe in November 2024, we have further expanded our capabilities, thus covering most of the overall waste management value chain. One of the projects operated by Renhe that had then become a part of our Group is the Changsha Transfer Project, which had a total daily treatment capacity of 10,000 tons of household waste as of the Latest Practicable Date.

- ***The collection, harmless treatment and resource utilization of food waste:*** The other project that is operated by Renhe that had then become a part of our Group since the Acquisition of Renhe is the Changsha Food Waste Project. As of the Latest Practicable Date, this project had a daily treatment capacity of 1,200 tons of food waste. As a by-product of the waste utilization process, our Changsha Food Waste Project can reach an annual output of up to 30,000 tons of industrial-grade mixed oil, with an oil recovery rate exceeding 7%.

As part of our strategic expansion efforts abroad, we have also been establishing a presence in Central Asia. In 2024, we have signed a service concession agreement to develop a green energy and environmental services project in Bishkek, Kyrgyzstan. Phase I of the Bishkek project had commenced operation in December 2025. As of the Latest Practicable Date, we have signed an investment agreement, followed with a service concession agreement, to develop a green energy and environmental services project in Osh City, Kyrgyzstan, and an investment agreement and service concession agreement for two similar projects in the Issyk-Kul Prefecture of Kyrgyzstan. We have also signed a memorandum of understanding in July 2025, an investment agreement in late August 2025, and a waste supply agreement and a power purchase agreement in April 2026, to develop a similar project in Almaty, Kazakhstan. In addition, in April 2026, we received a notice of award for the Changsha Hexi Waste-to-Energy Incineration Power Plant Project (with a planned treatment capacity of 4,000 tons per day).

Our services

The following table sets forth a summary of our projects that are in operation and in our pipeline as of the Latest Practicable Date:

	Location	Project status	Commissioning date[(1)]	Treatment capacity[(2)]	Operating entity
				(Tons/day)	
Projects at our Changsha Environmental Protection Industrial Park					
1. Changsha Waste-to-Energy Incineration Project (phase I)	China	In operation	2018	5,000	Puxiang Bioenergy
2. Changsha Waste-to-Energy Incineration Project (phase II)					
• *Waste-to-energy incineration*	China	In operation	2021	2,800	Puxiang Environmental Energy
• *Sludge treatment*	China	In operation	2021	500	Puxiang Environmental Energy
3. Leachate treatment project	China	In operation	2006[(1)]	2,700	Our Company
4. Sludge treatment project	China	In operation	2006[(1)]	500	Our Company
5. Fly ash treatment project	China	In operation	2021	215[(3)]	Our Company
6. Changsha Landfill Project	China	In operation	2006[(1)]	4,000[(4)]	Our Company
Projects in Liuyang					
7. Liuyang Waste-to-Energy Incineration Project	China	In operation	2025	1,200	Liuyang Junxin
8. Liuyang fly ash treatment project	China	In operation	2026	42	Liuyang Junxin
Projects in Pingjiang					
9. Pingjiang Waste-to-Energy Incineration Project	China	In operation	2024	600	Pingjiang Junxin
10. Pingjiang Landfill Project	China	In operation	2012	220[(4)]	Pingjiang Junxin
11. Pingjiang fly ash treatment project	China	Planning	–	–	Pingjiang Junxin
12. Changsha Transfer Project					
– Household waste interim treatment functions	China	In operation	2005[(1)]	10,000	Renhe Environmental Protection
– Sewage treatment functions	China	In operation	2014	1,200	Renhe Environmental Protection
13. Changsha Food Waste Project	China	In operation	2012	1,200	Renhe Environment Technology
14. Wangcheng District Waste Transfer Project	China	Planning	–	–	Renhe Environmental Industry
Bishkek Project					
15. Phase I	Kyrgyzstan	In operation	2025	1,000	Junxin (Kyrgyzstan)
16. Phase II	Kyrgyzstan	Planning	–	2,000 (est.)	Junxin (Kyrgyzstan)

	Location	Project status	Commissioning date[1]	Treatment capacity[2]	Operating entity
				(Tons/day)	
17. Osh City Project	Kyrgyzstan	Service concession agreement signed and under construction	–	850[5] (est.)	Junxin (Kyrgyzstan)
Projects in Issyk-Kul					
18. Project in Karakol, Issyk-Kul	Kyrgyzstan	Service concession agreement signed and under construction	–	600[6] (est.)	Junxin (Issyk-Kul)
19. Project in Balykchy, Issyk-Kul	Kyrgyzstan	Service concession agreement signed	–	600[6] (est.)	Junxin (Issyk-Kul)
20. Almaty Project	Kazakhstan	Waste supply agreement and power purchase agreement signed	–	2,000	Junxin (Almaty)

Notes:

1. Certain of our projects have concession periods commencing prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholder or its related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.
2. As of the Latest Practicable Date.
3. As a result of the fly ash treatment processes, chelated solids will be produced for safe disposal. As at the Latest Practicable Date, this project had a daily treatment capacity of 410 tons of chelated solids.
4. As of the Latest Practicable Date, the landfill volume of this project was nil, as the waste received at the Changsha Environmental Protection Industrial Park and the projects in Pingjiang would be directly transported to and processed by waste-to-energy incineration, instead of through landfill.
5. This is the estimated capacity of the first phase of the project, the total capacity for the entire Osh City Project is expected to be 2,000 tons/day.
6. This is the estimated capacity for the first phase of the project, the total combined capacity for all projects in Issyk-Kul is expected to be 2,000 tons/day.

Our technologies

Through years of innovation and technical refinement, we have built a foundation of technologies that aims to address real-world operational challenges and enable system-wide optimization. We believe that these innovations have led to improved efficiency across our operations, and have resulted in industry and national acclaim. In particular:

Our technological achievements in clean waste-to-energy incineration

- Our Changsha Waste-to-energy Incineration Project at our Changsha Environmental Protection Industrial Park features a relatively high boiler runtime, low internal energy consumption, large unit capacity, high operational stability and power generation efficiency, and integrated waste treatment capabilities. Technological advancements include digital systems for waste pit management, optimization of thermal system efficiency, enhancement of boiler waste heat recovery, anti-corrosion measures, and improvements in busbar current balancing. We have also developed co-treatment technologies that allow solid waste and sludge to be processed together, improving such system's efficiency in drying sludge and enhancing its stability. According to F&S, we ranked first among all waste-to-energy incineration companies in China, in terms of the average on-grid electricity generated per ton of waste, in 2025. We also ranked fourth among all waste-to-energy incineration projects in China in terms of daily treatment capacity, in 2025.

- At the time of its commissioning, phase I of this project was one of the largest single furnace incineration plants in China, according to F&S. It was also the largest in terms of total waste treatment capacity and single furnace treatment scale among comparable projects. Phase I of this project won the China Construction Engineering Luban Prize (National Quality Project) (the "**Luban Prize**") by the China Construction Industry Association in 2019. It also received the China Steel Structure Gold Award and was designated as a provincial and municipal environmental education base and a benchmark project in Hunan's sanitation sector.

- Furthermore, phase II of this project comprised a single waste pit with a net capacity exceeding 100,000 cubic meters, which is among the largest in the world. It also won the Luban Prize in 2023, making us the only company in the solid waste treatment industry to receive two Luban Prizes within the same industrial park, according to F&S. Phase II of this project also received multiple national and provincial honors including China Quality Project Award for Nonferrous Metals Industry, the Hunan Provincial Quality Engineering Award, the Hunan Urban Rural Construction Science and Technology Innovation Award, and the China Installation Association Science and Technology Progress Award.

Our technological achievements in various forms of waste treatment

- In terms of sludge treatment, we have adopted the integration of thermal hydrolysis, high temperature high solid anaerobic digestion, dewatering and drying technologies for sludge treatment. According to F&S, these technologies are among the first of their kind in China and are recognized for their efficiency, energy savings and environmental benefits. Such technologies were recognized as a Major Demonstration Project for Water Pollution Control, and we are a member of the National Strategic Alliance for Technological Innovation in Sludge Treatment and Disposal.

- In terms of leachate treatment, we adopted the MBR and advanced membrane treatment process. We also co-treat high concentration incineration leachate with aged landfill leachate to address carbon nitrogen imbalance and improve wastewater treatment outcomes. Our leachate treatment system can meet stringent discharge standards while maintaining cost efficiency. Our sewage treatment project was recognized by the Ministry of Housing and Urban Rural Development as a Municipal Public Utilities Science and Technology Demonstration Project.

Our technological achievements in household waste interim treatment and transfer

- At our Changsha Transfer Project, we have integrated IoT and big data technologies to develop smart household waste transfer systems in order to reduce labor intensity and improve operational efficiency. According to F&S, this project ranked first in China in 2025 in terms of daily treatment capacity among all waste interim treatment and transfer projects.

Our technological achievements in the harmless treatment and resource utilization of food waste

- At our Changsha Food Waste Project, we adopted multi-level oil water separation and anaerobic digestion technologies to maximize energy output and material reuse. These systems are supported by automation technologies such as secondary extrusion, automated three-phase separation, and distributed energy demonstration projects that can improve oil recovery rates and reduce manual labor. According to F&S, in 2025, this project ranked third in China in terms of daily treatment capacity among food waste treatment projects. It was also awarded the First Prize for Scientific and Technological Progress by the China Circular Economy Association.

Since establishing our R&D center, we have continued to recruit research talents from universities, and we would also collaborate with academic institutions such as Hunan University to conduct R&D in integrated waste treatment and resource utilization. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, our R&D expenses amounted to approximately 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. As of the Latest Practicable Date, we held 534 authorized patents, including 118 invention patents.

Our track record performance

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 gross profit margins of 51.2%, 41.5%, 55.0% and 56.6%, respectively. During the same periods, our profit for the year/period 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. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, our profit for the year/period attributable to equity shareholders of our Company was RMB513.9 million, RMB536.3 million, RMB716.6 million, and RMB219.7 million, respectively, the year-on-year growth of our profit for the year attributable to equity shareholders of our Company for 2024, and 2025 was 4.4% and 33.6% respectively and our profit for the period attributable to equity shareholders of our Company increased by 27.9% for the three months ended March 31, 2025 and 2026. As further proof of the value we create for shareholders, we declared and paid dividends of RMB369.0 million, RMB369.0 million, RMB507.3 million and RMB502.9 million at a dividend payout ratio of 79.1%, 71.8%, 94.6% and 70.2% in respect of the years ended December 31, 2022, 2023, 2024 and 2025, respectively. On April 21, 2026, we held the Annual General Meeting of 2025 and approved a proposal from our Board of Directors to distribute a dividend of RMB502.9 million in respect of the year ended December 31, 2025. As of the Latest Practicable Date, we had paid the dividend of RMB502.9 million.

OUR COMPETITIVE STRENGTHS

We believe that our achievements to date are driven by the following competitive strengths:

As an established provider of specialized solutions in integrated wasted treatment and resource utilization, we are positioned to drive growth across markets in China and overseas.

We are a company that provides specialized solutions in integrated waste treatment and resource utilization, including the investment, management, and operation of green energy and environmental services projects. According to F&S, our Changsha Environmental Protection Industrial Park, in which our main operations are situated, is among the largest integrated environmental parks in the industry in China, in terms of project scale. We are also the only company in the solid waste treatment sector to receive two Luban Prizes within the same industrial park. In 2025, we ranked first among all solid waste incineration companies in China, in terms of average on-grid electricity generated per ton of waste, and our Changsha Waste-to-energy Incineration Project (located within the park's campus) ranked fourth among all waste-to-energy incineration projects in China, in terms of waste treatment volume. We also ranked first among all waste interim treatment and transfer projects in China, and third among all food waste treatment projects in China, in terms of daily treatment capacity in 2025.

We believe that our success in Changsha demonstrates not only our technical capabilities, but also our ability to execute complex, large-scale projects within a unified, synergistic platform. Building on this foundation, we have already expanded into nearby locations such as Liuyang and Pingjiang. We believe that these deployments validate the scalability and replicability of our capabilities, and our ability to respond quickly and effectively to new market opportunities. According to F&S, the PRC market for waste-to-energy incineration services grew from RMB37.1 billion in 2020 to RMB53.4 billion in 2025, representing a CAGR of 7.5%, and is forecasted to reach RMB60.8 billion by 2030, growing from 2026 at a CAGR of 2.6%. Moreover, China's food waste treatment and resource utilization sector expanded from RMB9.7 billion in 2020 to RMB18.8 billion in 2025, at a CAGR of 14.3%, and it is projected to grow from 2026 at a CAGR of 18.3%, reaching RMB39.7 billion by 2030. We believe that, based on our track record and expertise, we are well-positioned to scale our model across other high-potential markets in China.

We also believe that our proven track record in China positions ourselves to drive future growth in emerging markets abroad. To this end, we have signed a concession agreement in 2024 to develop the Bishkek Project. Phase I of this project had commenced operation in December 2025. As of the Latest Practicable Date, we have signed an investment agreement, followed with a service concession agreement, to develop a green energy and environmental services project in Osh City, Kyrgyzstan, and an investment agreement and service concession agreement for two similar projects in the Issyk-Kul Prefecture of Kyrgyzstan. In July 2025, we have also signed a memorandum of understanding, followed with an investment agreement signed in late August 2025

and a waste supply agreement and a power purchase agreement in April 2026, to develop a similar project in Almaty, Kazakhstan. We are also proud to be ranked, by F&S, the first among Chinese solid waste treatment enterprises that are expanding into Central Asia in 2025, in terms of daily treatment capacity. Such overseas expansion is driven by several factors. First, policy support under China's Belt and Road Initiative and national low-carbon development strategies has created favorable conditions for us to expand our operations. Secondly, according to F&S, the rising pace of urbanization in certain countries has led to a surge in waste generation,while harmless disposal rates and incineration ratios remain significantly below those of developed nations. Thirdly, there is a growing demand for advanced, low-emission waste treatment technologies in the region. For such reasons, we firmly believe that, with a foundation built on our market position in China and a growing international footprint, we are positioned to drive the next wave of growth overseas.

Our specialized solutions in integrated waste treatment and resource utilization are designed to efficiently meet the evolving needs of modern urban environments.

As demonstrated by our Changsha Environmental Protection Industrial Park, by co-locating and co-processing multiple waste within the same campus, we create a unified infrastructure that is capable of covering most of the industry's value chain, and delivering both environmental and economic advantages. We believe that this bundled model allows for one time construction, reduced investments, and shared utilities, thus improving land use efficiency and reducing both capital and operating costs. More importantly, it enables a "treat waste with waste" approach, where the by-products of one treatment process can be used to support another. This minimizes the need for separate transport and transfer infrastructure, lowering logistics costs and enabling larger scale waste treatment within the same collection radius. According to F&S, as urban land becomes increasingly scarce and environmental regulations tighten, the traditional model of treating each waste stream in isolation is no longer viable. Our integrated approach not only reduces the per ton treatment costs, but can also increase load rates and overall system resilience. Our projects achieved operating gross profit margins of 62.9%, 63.6%, 56.6% and 58.5% for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, respectively. Our Changsha Environmental Protection Industrial Park has been designated as a facility that is open for public access and an environment education case for environmental protection, and our urban sewage and waste treatment projects serve as a key showcase of Changsha's ecological development efforts. This "Changsha Model" is now being shared internationally, with delegations from several Belt and Road Initiative countries visiting the facility.

We drive growth through our technological leadership.

We have built a foundation of proprietary technologies that support our core operations across the waste management value chain. Our innovations aim to address real world operational challenges, improve environmental performance, reduce operational costs, and support long term system optimization. Technological advancements include digital systems for waste pit management, optimization of thermal system efficiency, enhancement of boiler waste heat recovery, anti-corrosion measures, and improvements in busbar current balancing. We have also developed long-distance dry sludge transport technology and co-treatment technologies that allow solid waste and sludge to be processed together, improving combustion efficiency and stability.

Such achievements in clean waste-to-energy incineration have earned top national rankings in electricity generation and treatment capacity in 2025. Phase I of our Changsha Waste-to-energy Incineration Project was among China's largest single-furnace incineration plants and received prestigious accolades including the Luban Prize and the China Steel Structure Gold Award. Phase II of the project comprised one of the world's largest single waste pits and also won the Luban Prize in 2023, making us the only company in the industry to receive two such awards within the same park. We also adopted integrated sludge treatment technologies and advanced sewage treatment processes using MBR and advanced membrane treatment. Our Changsha Transfer Project leads the country in daily treatment capacity, owing to IoT-enabled transfer systems. Meanwhile, the oil-water separation and anaerobic digestion technologies that we have applied in our Changsha Food Waste Project have earned us national recognition, including a top-three ranking in terms of daily treatment capacity and a First Prize for Scientific and Technological Progress in China by the China Circular Economy Association.

Our innovation efforts are supported by an R&D center and a collaborative network of academic and industry partners. As of the Latest Practicable Date, we have several ongoing research and development projects. These include research on emission control technology for nitrogen oxides in

incineration flue gas, which has been commissioned to Harbin Kenen Welding Technology Co., Ltd. and is scheduled to commence from May 2025 to December 2026. We are also working on the development and application of anti-corrosion systems for composite corrosion environments in waste-to-energy incineration with Central South University of Forestry and Technology, with the project period from August 2025 to June 2026. Furthermore, we are collaborating with Central South University on research into microbial identification and bioelectrocatalytic one-step anaerobic hydrogen production technology, which commenced in December 2023 and will continue until November 2026. We also have an industry-academia-research project with Central South University focused on low-temperature biogas-to-hydrogen technology, which will run from July 2025 to December 2026. These collaborations demonstrate our continued commitment to innovation and technological advancement in waste-to-energy, resource recovery and hydrogen production.

As of the Latest Practicable Date, we held 534 authorized patents, including 118 invention patents.

Our capabilities in project operational management have driven strong and resilient financial performance.

Our operational management focuses on efficiency, cost control, and environmental performance. We believe that such operational management capabilities have translated into robust financial results. 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 and our projects reached operating gross profit margins of 62.9%, 63.6%, 56.6% and 58.5%, respectively. During the same periods, our profit for the year/period had reached RMB652.8 million, RMB686.2 million, RMB994.0 million, and RMB304.9 million, and we achieved operating net profit margins from our projects of 43.7%, 43.6%, 37.4% and 42.8%, respectively. Our projects consistently generate stable cash flows, and our high dividend payout ratio, at 79.1%, 71.8%, 94.6% and 70.2%, in respect of the years ended December 31, 2022, 2023, 2024 and 2025, respectively. On April 21, 2026, we held the Annual General Meeting of 2025 and approved a proposal by our Board of Directors to distribute a dividend of RMB502.9 million in respect of the year ended December 31, 2025. As of the Latest Practicable Date, we had paid the dividend of RMB502.9 million. We believe that this reflects our ability to deliver long-term value to shareholders.

We are led by experienced leaders, and a corporate culture rooted in integrity, accountability, resilience, and excellence.

Our leadership team brings together decades of experience across environmental protection, green energy, infrastructure development, and corporate management. At the helm is Mr. Dai Daoguo, our Chairman and Executive Director, with experience in the solid waste treatment and green energy industry. He was also named a national-level leading talent by the Changsha Municipality in 2022. Our executive management includes professionals with complementary backgrounds in engineering, waste-to-energy incineration, heat generation, public administration, finance, and environmental operations. For further information, please see the section headed "Directors and Senior Management" in this Document. Our management structure is designed for agility and accountability. Strategic decisions are guided directly by the Chairman and senior executives, who remain closely involved in project development and operational oversight. We believe that this hands-on approach enables us to respond to market changes, maintain standards across all business functions, and drive sustainable growth through disciplined management and strategic foresight.

We believe that many of our senior leaders began their careers in operational roles and advanced through our organization by demonstrating these principles. Our approach to talent development includes providing training programs, mentorship opportunities, and leadership development pathways that support both professional growth and organizational continuity. Our human resources strategy emphasizes competitive compensation, performance-based incentives, and a robust suite of welfare benefits designed to support the well-being and motivation of our workforce.

We believe our corporate culture of "upholding our integrity, taking responsibility, being resilient, and striving for excellence (守正道, 講擔當, 艱苦奮鬥, 追求卓越)" shapes how we work. As we grow and take on more complex projects, we hope that our values will continue to be guiding decisions, uniting teams and driving confident execution.

OUR FUTURE STRATEGIES

We are committed to preserving our status as a key market player and to fostering our financial and operational expansion via these future strategies:

We will deepen our strategic focus on our core operations while advancing green technology capabilities.

We intend to deepen our strategic focus on core business operations while advancing our capabilities in green technology. Our efforts will concentrate on identifying and executing high-quality large-scale projects aligned with national and Hunan provincial development priorities, as well as emerging opportunities in Belt and Road markets.

To drive new growth, we will be implementing, in some of our future projects, a new "three-center" approach that aims to consolidate green electricity generation, district heating, and computing infrastructure. Electricity produced from our waste-to-energy incineration systems can be supplied to the state grid, or utilized to power high-performance computing infrastructure, which may include AI data centers in the vicinity. Additionally, the heat generated from these systems may be redirected to industrial and mining enterprises and residential communities in the vicinity, enhancing local energy resilience. This integrated model ensures a stable, low-carbon energy supply for digital operations, mitigates inefficiencies inherent in standalone systems, and enables real-time optimization of energy flows through centralized control and shared utilities. It also contributes to reduced land usage, lower capital and operating expenditures, and improved scalability and deployment efficiency. As of the Latest Practicable Date, we have entered into a strategic cooperation agreement with the hopes to adopt this model in the Changsha area by possibly working with AI data centers that may be constructed near our projects. The Strategic Cooperation Agreement entered into between a local digital technology company and our Company in June 2025 on the integration of our Company's capabilities in environment protection and clean energy sector and this company's digital resources. The parties propose to collaborate by establishing joint ventures. This three-center model is also a focus on our overseas expansion plans.

We will continue to invest in core infrastructure and heavy-asset capabilities, which remain our core business and long-term strategic focus and will continue to receive priority in our allocation of capital, personnel and R&D resources. For these heavy-asset projects, we manage the associated risks through rigorous project screening, tariff adjustment and payment terms in project agreements, active payment collection, and robust environmental and safety management systems.

In parallel, we are exploring a complementary asset-light strategy for our future development, principally in support of our overseas expansion. This strategy contemplates the provision of technical and operational services to local partners in return for service fees — exporting our management expertise, operational know-how and proprietary equipment, without substantial capital commitment or ownership of the underlying facilities — to help them establish and operate high-performing waste treatment operations. Anchored in the technologies and operational experience accumulated from our own projects, this approach is intended to extend our reach at limited capital cost while keeping our resources concentrated on our core business. Opportunities will be evaluated by reference to their risk profile, including the political and regulatory environment, counterparty profile and technical complexity, and managed through careful counterparty selection, the export of only proven technologies, on-site supervision and periodic review, and contractual safeguards. We believe this strategy will, over time, position us not only as a project developer but also as a technology and service provider, scaling our environmental impact across domestic and international markets.

With regards to advancements in green environmental protection technologies, our priority lies with, among others, reducing pollutant emissions and improving the efficiency of waste-to-energy incineration through R&D and innovation. This focus is central to our strategy of turning waste into a reliable, clean energy source that supports grid stability and reduces dependence on fossil fuels.

We will expand our operations overseas with a focus on Belt and Road markets.

We are committed to expanding our international footprint with a strategic focus on Belt and Road markets. In 2024, we have signed a service concession agreement to develop a waste-to-energy project in Bishkek, Kyrgyzstan. Phase I of the Bishkek project had commenced operation in December 2025. As of the Latest Practicable Date, we have signed an investment agreement,

followed with a service concession agreement, to develop a green energy and environmental services project in Osh City, Kyrgyzstan, and an investment agreement and service concession agreement for two similar projects in the Issyk-Kul Prefecture of Kyrgyzstan. We have also entered into a memorandum of understanding in July 2025, an investment agreement in late August 2025, and a waste supply agreement and a power purchase agreement in April 2026, to develop a green energy and environmental services project Almaty, Kazakhstan. Building on this foundation, we are actively extending our presence across the region and have hosted delegations from over ten countries, positioning our "Junxin Solution" as a replicable model for environmental improvement and sustainable development.

Looking forward, our future strategic expansion targets may include Uzbekistan, and Turkey, where we aim to address the rising demand for large-scale waste treatment infrastructure. We believe that these countries are experiencing rapid urbanization and population growth, which is driving the need for clean electricity, resilient waste management systems, and sustainable urban services. In parallel, we are preparing to enter Southeast Asia and South America, leveraging our proven capabilities in delivering complex infrastructure projects and our ability to tailor solutions to diverse regulatory and environmental contexts.

We will enhance our operational efficiency through technological innovation and digital transformation.

We are committed to sustained investment in research and development as a cornerstone of our long-term strategy. By prioritizing R&D, we aim to accelerate the development of intelligent, scalable, and environmentally responsible solutions that address both internal performance goals and broader environmental challenges. This commitment reflects our belief that technological leadership is fundamental to delivering consistent value to stakeholders and to shaping the future of sustainable infrastructure.

Our innovation strategy is deeply rooted in the integration of artificial intelligence and digital technologies across all operational domains. In solid waste management, we have deployed combustion control systems and digital twin platforms that enable real-time monitoring and predictive optimization of incineration processes. Machine vision and intelligent robotics are used to automatically detect oversized objects, and dynamically track calorific values, significantly improving the stability and safety of the system and efficiency. In wastewater treatment, we have developed smart cleaning systems and precision dosing technologies that reduce chemical consumption and energy use while extending equipment life. Our centralized digital management platform integrates production, safety, finance, and human resource functions across all projects, enabling unified scheduling, data-driven decision-making, and remote diagnostics. In environmental safety, surveillance systems and methane laser detection platforms provide 24/7 monitoring of critical infrastructure, allowing for early risk identification and rapid response.

These digital and AI-driven initiatives are not only transforming how we operate but also redefining the value we deliver. By automating routine tasks, enhancing process visibility, and enabling predictive maintenance, we are reducing operational costs, minimizing downtime, and improving environmental compliance. The integration of intelligent systems allows us to respond more quickly to changing conditions, optimize resource use, and ensure consistent quality across diverse project environments. As we continue to expand our innovation, we will also grow our talent base, attracting top professionals in AI, environmental engineering, and digital systems to support the next generation of sustainable infrastructure solutions. Through this approach, we are building a smarter, safer, and more adaptive organization prepared to lead in a digitally transformed future.

We will strengthen our talent development and organizational resilience.

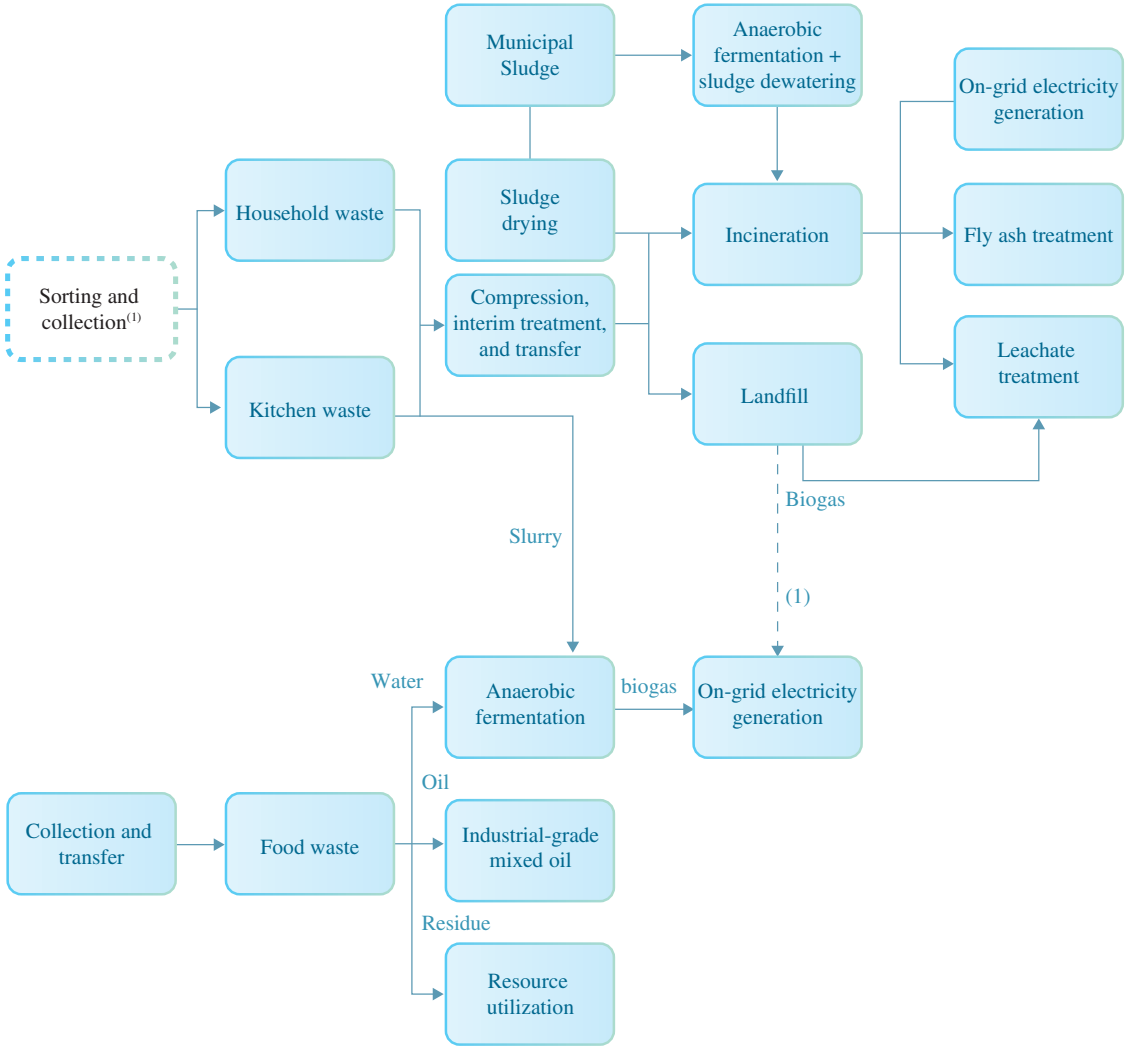
We recognize that our long-term success depends on the strength, stability, and adaptability of our people. As we scale our operations and expand into new markets, we are committed to building a future-ready workforce that can sustain innovation, operational excellence, and responsible growth. Our talent strategy focuses on attracting, developing, and retaining high-caliber professionals across R&D, engineering, operations, and management. We are building multi-tiered talent pipelines across all business segments to ensure continuity of expertise and leadership succession. To support this, we are refining our incentive structures, performance evaluation systems, and training programs to foster a culture of accountability, engagement, and continuous learning. By aligning individual growth with organizational goals, we aim to empower employees at all levels to contribute meaningfully to our strategic vision.

We believe that organizational resilience is equally critical in a volatile and fast-changing global environment. We are reinforcing our corporate culture and ESG governance framework to embed sustainability, risk management, and ethical conduct into our daily operations. This includes strengthening internal controls, enhancing scenario planning capabilities, and promoting a culture of transparency and shared responsibility. By institutionalizing these values, we aim to build an organization that is not only agile in the face of disruption but also trusted by stakeholders and aligned with long-term societal and environmental goals.

OUR BUSINESS

We are a company that provides specialized solutions in integrated waste treatment and resource utilization, including the investment, management, and operation of green energy and environmental services projects. Our core business comprises (i) clean waste-to-energy incineration; (ii) the integrated treatment of various types of waste (including sludge, sewage and leachate, fly ash, and others); (iii) the interim treatment, compression, and transfer of household waste; and (iv) the collection, harmless treatment, and resource utilization of food waste.

Together, we believe that such services would form a fully integrated waste treatment and resource utilization system which covers the full industry value chain and reflects our commitment to the circular economy, as illustrated by the following diagram:



Note:

1. This is not a part of our Group's operations, but forms a part of the industry's overall value chain.

Waste collected from residential and commercial sources is first treated and compressed through interim treatment facilities which is then transferred to our waste-to-energy incineration plants, where it is converted into electricity, contributing clean energy to the local grid and reducing reliance on traditional fossil fuels. Whilst in our early days, we would send waste collect to our landfill projects, once a waste-to-energy incineration project commences operations, the waste collected and transferred will be sent to waste-to-energy incineration. During this process, any sewage generated from waste fermentation is captured and treated through our dedicated sewage treatment systems, ensuring environmental protection and regulatory compliance. The incineration process will produce a minimal amount of fly ash and bottom ash. Chelated solids produced after the harmless treatment of fly ash will be sent to landfill for disposal, whereas bottom ash upon treatment are usually repurposed as raw material for construction use. Food waste is managed through a separate treatment stream. Household waste originates from residents daily living, commercial activities, public spaces, and institutional operations. This waste is collected and transported by sanitation fleets managed by third parties, and delivered to designated transfer stations. Food waste, on the other hand, is produced by entities such as restaurants, hotels, workplace canteens, school cafeterias, and food processing factories. This type of waste is mainly collected by our Group, ensuring consistent and regulated transfer for processing. Once collected, it is processed after pre-treatment and three-phase separation to extract multi-purpose industrial-grade mixed oil. Additionally, the biogas generated during the treatment of organic waste is captured and used to produce electricity, further enhancing the sustainability and resource utilization potential of our operations.

By interlinking each stage of the waste industry chain, from waste collection, and treatment to energy generation and resource utilization, we create value across the entire industry chain. This approach not only minimizes environmental impact but also transforms waste into valuable resources, reinforcing our role as a key contributor to a more sustainable and circular economy.

During the Track Record Period, our revenue mainly comprised (i) revenue from electricity sales from our clean waste-to-energy facilities; (ii) revenue from waste treatment services (comprised those in relation to sludge, sewage and leachate, food waste, fly ash, and others); (iii) revenue from the sales of industrial-grade mixed oil; (iv) revenue from the collection of food waste; and (v) revenue from waste interim treatment and transfer. The following table sets forth such a breakdown during the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Revenue from the sales of electricity	698,230	38.0	685,285	28.4	837,835	30.7	204,266	29.3	247,461	33.6
Revenue from waste treatment services										
– Waste incineration	*355,905*	*19.4*	*353,982*	*14.7*	*347,050*	*12.7*	*94,418*	*13.6*	*104,276*	*14.2*
– Sludge	*212,748*	*11.6*	*203,155*	*8.4*	*219,062*	*8.0*	*53,157*	*7.6*	*52,859*	*7.2*
– Sewage and leachate	*88,197*	*4.8*	*107,655*	*4.5*	*83,881*	*3.1*	*17,709*	*2.5*	*20,336*	*2.8*
– Food waste[1]	*–*	*–*	*13,136*	*0.5*	*115,614*	*4.2*	*33,460*	*4.8*	*29,744*	*4.0*
– Fly ash	*104,510*	*5.7*	*95,384*	*4.0*	*68,353*	*2.5*	*23,758*	*3.4*	*19,988*	*2.7*
– Landfill	*34,696*	*1.9*	*38,440*	*1.6*	*27,384*	*1.0*	*7,045*	*1.0*	*6,978*	*0.9*
– Others[2]	*–*	*–*	*–*	*–*	*1,287*	*–*	*319*	*0.1*	*413*	*0.1*
Sub-total	***796,056***	***43.4***	***811,752***	***33.7***	***862,631***	***31.6***	***229,866***	***33.0***	***234,594***	***31.9***
Revenue from household waste interim treatment and transfer services[1]	–	–	54,047	2.2	684,966	25.1	154,393	22.1	171,290	23.3
Revenue from food waste collection[1]	–	–	4,568	0.2	65,404	2.4	16,201	2.3	15,741	2.1
Revenue from sales of industrial-grade mixed oil[1]	–	–	17,280	0.7	198,730	7.3	44,421	6.4	42,281	5.7
Revenue from construction services[3][4]	341,563	18.6	836,939	34.7	76,283	2.8	47,000	6.7	23,624	3.2
Others[5]	765	–	984	–	4,859	0.2	1,213	0.2	1,362	0.2
Total	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**

Notes:

1. These revenue from these service lines became a part of our Group after the Acquisition of Renhe which completed in November 2024. For such reasons, the financial information presented in this table include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to these projects prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the section headed "Financial Information — Financial information of Renhe" in this Document.

2. Primarily included revenue from bottom ash treatment.

3. In rendering construction services, we mainly provide administrative services and hire third-party contractors to outsource most of the work regarding construction, design, supply and installation of machinery. When determining the stand-alone price of construction services, we typically apply a cost-plus basis. Most of the contracts are fixed price contracts, therefore any additional costs such as those caused by changes in salary, equipment and raw material prices during construction period would be borne by the third-party contractors. As such, our Directors are of the view that the construction payment to third party contractors is not entitled to additional profit margin on a cost-plus basis as the cost paid to the third-party contractors has reflected prevailing market rate, and that we are only entitled to the profit attributable to the administration service performed in the course of provision of construction services. In determining the mark-up for the administration service, on which the profit attributable to the administration service was calculated based, we considered prevailing market rate of gross margin applicable to similar services rendered from comparable projects or entities providing similar services. However, as the cost in relation to our administration service only takes up a small portion of total construction costs, the profit attributable to our administration service would be immaterial, and the standalone selling price of the overall construction services is close to the construction cost; therefore, our management determined nil gross profits would be made to the overall construction services.

4. Revenue from construction services in these years/periods was mainly in relation to our clean waste-to-energy incineration projects and flying ash treatment project in Liuyang and Pingjiang projects.

5. Primarily included rental income.

OUR PROJECTS

During the Track Record Period, our projects include (i) projects at our Changsha Environmental Protection Industrial Park; (ii) our Liuyang Waste-to-Energy Incineration Project; (iii) our Projects in Pingjiang; (iv) our Changsha Transfer Project; and (v) our Changsha Food Waste Project.

The following table sets forth the operating revenue from such projects for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Projects at our Changsha Environmental Protection Industrial Park										
– *Changsha Waste-to-Energy Incineration Project (phase I)*	640,304	34.9	607,459	25.2	608,654	22.3	155,744	22.3	167,174	22.7
– *Changsha Waste-to-Energy Incineration Project (phase II)*	544,634	29.7	551,887	22.9	538,452	19.7	137,241	19.7	139,195	18.9
– *Sludge, leachate, fly ash, and others*	292,547	15.8	303,581	12.6	261,027	9.5	66,945	9.6	64,607	8.8
Liuyang Waste-to-Energy Incineration Project	–	–	–	–	92,195	3.4	22,606	3.2	27,553	3.7
Projects in Pingjiang	17,565	1.0	20,294	0.8	57,835	2.1	15,079	2.2	15,889	2.2
Changsha Transfer Project[1]	–	–	54,959	2.3	699,162	25.6	156,736	22.5	175,108	23.8
Changsha Food Waste Project[1]	–	–	35,736	1.5	383,928	14.1	96,009	13.8	88,599	12.0
Bishkek Project (phase I)[2]	–	–	–	–	13,172	0.5	–	–	34,604	4.7
Total operating revenue from our projects	***1,495,051***	***81.4***	***1,573,916***	***65.3***	***2,654,425***	***97.2***	***650,360***	***93.3***	***712,729***	***96.8***
Revenue from construction services[3]	341,563	18.6	836,939	34.7	76,283	2.8	47,000	6.7	23,624	3.2
Total revenue	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**

Notes:

1. These projects had only become a part of our Group after the Acquisition of Renhe which completed in November 2024. For such reasons, the financial information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to these projects prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the section headed "Financial Information — Financial information of Renhe" in this Document.

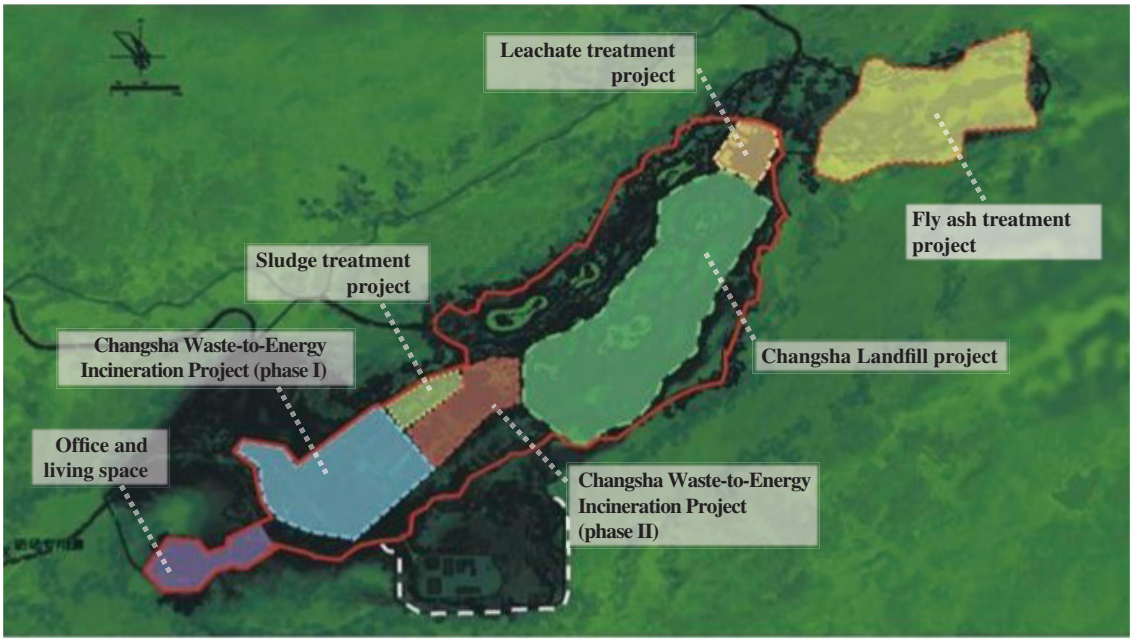
2. This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

3 Revenue from construction services in these years/periods were mainly in relation to our clean waste-to-energy incineration projects and flying ash treatment project in Liuyang and Pingjiang projects.

Projects at the Changsha Environmental Protection Industrial Park

According to F&S, the Changsha Environmental Protection Industrial Park is among the largest integrated environmental parks in the industry in China, in terms of project scale. We are also the only company in the solid waste sector to receive two Luban Prizes within the same industrial park. As of the Latest Practicable Date, projects that are situated at our Changsha Environmental Protection Industrial park comprised our (i) Changsha Waste-to-Energy Incineration Project (phase I); (ii) Changsha Waste-to-Energy Incineration Project (phase II); and (iii) projects for the treatment of sludge, leachate, fly ash, and others.

The following map illustrates the various facilities at our Changsha Environmental Protection Industrial:



Changsha Waste-to-Energy Incineration Project (phase I)

Phase I of our Changsha Waste-to-Energy Incineration Project is a flagship clean waste-to-energy project developed under a BOT agreement with a concession period from 2014 to 2042. This project is located within the Changsha Environmental Protection Industrial Park in Qiaoyi Town, Wangcheng District, Changsha. The project is equipped with six furnaces and four steam turbine generator units. Construction of this project commenced in 2015 and was successfully connected to the grid in 2018. As of the Latest Practicable Date, phase I of this project had a treatment capacity of 5,000 tons of waste per day.

The following is a photo of this project:

The following table sets forth selected operating and financial data in relation to this project for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Power generation functions:				
– *On-grid electricity sold (kWh'000)*	844,264	810,191	894,007	231,631
– *Revenue (RMB'000)*	422,504	397,284	437,405	116,980
– *Average electricity price (RMB/kWh)*	0.5	0.5	0.5	0.5
Waste incineration functions:				
– *Treatment volume ('000 tons)*	1,936	1,819	1,902	474
– *Revenue (RMB'000)*	217,792	210,104	171,249[(1)]	50,194
– *Average price (RMB/ton)*	112.5	115.4	90.1[(1)]	105.9
Others:[(2)]				
– *Revenue (RMB'000)*	8	71	–	–
Total operating revenue from this project	**640,304**	**607,459**	**608,654**	**167,174**

Notes:

1. The revenue and average price of our waste incineration functions for the year ended December 31, 2025 were relatively lower, primarily attributable to a discrepancy between the applicable tax rates enjoyed by our relevant operating projects and those specified during their initial project approval stage. The unit prices of our waste treatment services were determined with our customers at the project engagement stage with reference to various factors, including the then-prevailing macro policies such as applicable VAT rates. Due to subsequent adjustments in such policies, the actual tax burden of the relevant projects during operation was lower than that assumed in the pricing basis initially. Following negotiations with the relevant government authorities, a retroactive adjustment was made for both the current year and prior years. Accordingly, we recorded a one-time price adjustment, which resulted in short-term fluctuations in our revenue and average price. The impact of such adjustment was reflected in the financial statements for the year ended December 31, 2025 and the three months ended March 31, 2026. We will continue to recognize revenue based on the adjusted unit price going forward, and do not expect such adjustment to have any further material impact on our financial performance.

2. Primarily comprised revenue from the sale of scrap materials.

In accordance with the concession in respect of this project, our fee arrangements comprise charges for the provision of waste-to-energy incineration services calculated on the basis of the verified tonnage of municipal solid waste delivered to the facility. The measurement of waste volume is undertaken through a government-certified metering system to ensure transparency and accuracy. In addition to these service fees, the project generates revenue from the sale of electricity to the local grid under standard power purchase agreements. The payment schedule under the concession agreement provides for monthly settlement by the municipal authority, based on the actual quantity of waste processed during the relevant period. Electricity sales are invoiced and settled in accordance with prevailing tariff regulations and the terms of the applicable power purchase agreements. These arrangements are designed to provide predictable cash flows and align with the long-term nature of the concession, which extends until 2042, at which point the facility will be transferred to the government without consideration.

Owing to the nature of this project and its structure as a BOT concession, we assess that our business risks include exposure to fluctuations in waste volumes, which may affect revenue, and potential changes in regulatory or tariff frameworks that could impact profitability. Credit risk arises primarily from reliance on the municipal government as the counterparty for service fee payments and payments from the state-grid companies in relation to the electricity supplied to them, any delay or default in such payments could adversely affect liquidity. Operational risks include the technical challenges associated with maintaining high utilization rates, which have consistently exceeded 100 per cent of designed capacity, and the need to ensure compliance with stringent environmental standards through continuous investment in emissions control technology. Further, the project is subject to supply chain risks relating to the availability of spare parts and skilled labor for maintenance. These risks are mitigated through the stability afforded by long-term concession agreements, government-backed payment obligations, and the deployment of advanced incineration technology that supports operational efficiency and environmental compliance.

Changsha Waste-to-Energy Incineration Project (phase II)

Phase II is a waste-to-energy and sludge treatment facility developed under a BOT agreement with a concession period from 2019 to 2048. Phase II of this project incorporates several technical innovations, such as a co-incineration process in which sludge is thermally dried and then incinerated with household waste, and it houses one of world's largest single waste pits, with a net capacity exceeding 100,000 cubic meters. It is equipped with four furnaces and two steam turbine generator units. This project was successfully connected to the grid in 2021. As of the Latest Practicable Date, phase II had a treatment capacity of 2,800 tons of waste per day. It also had a treatment capacity of 500 tons of sludge per day. As a testament of our expertise, phase II of this project was awarded the Luban Prize in 2023.

The following is a photo of this project:

The following table sets forth selected operating and financial data in relation to this project for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Power generation functions:				
– *On-grid electricity sold (kWh'000)*	616,381	657,307	652,472	167,184
– *Revenue (RMB'000)*	275,726	285,561	283,760	74,143
– *Average electricity price (RMB/kWh)*	0.4	0.4	0.4	0.4
Waste incineration functions:				
– *Treatment volume ('000 tons)*	1,299	1,365	1,278	311
– *Revenue (RMB'000)*	138,113	142,583	131,322	32,975
– *Average price (RMB/ton)*	106.3	104.5	102.8	106.1
Sludge treatment functions:				
– *Treatment volume ('000 tons)*	201	183	177	49
– *Revenue (RMB'000)*	130,795	123,743	123,370	32,077
– *Average price (RMB/ton)*	650.7	676.2	697.5	653.5
Total operating revenue from this project	**544,634**	**551,887**	**538,452**	**139,195**

Pursuant to the concession framework governing this project, revenue generation consists of charges for waste-to-energy incineration and sludge treatment services, determined by reference to the verified quantity of waste received at the facility. Waste volumes are measured using a government approved metering system, ensuring accuracy and transparency in the calculation of service fees. In addition to these charges, the project derives income from electricity generated and supplied to the local grid under standardized power purchase arrangements. Under the terms of the concession, payments are effected on a monthly basis by the municipal authority, calculated on the actual tonnage processed during the relevant period. Proceeds from electricity sales are invoiced and settled in accordance with prevailing tariff rules and the contractual provisions of the applicable power purchase agreements. This structure is intended to provide stable and predictable cash flows and reflects the long-term nature of the concession, which runs until 2048, at which point ownership of the facility will revert to the government without consideration.

Given the characteristics of a BOT arrangement, we assess that the principal business risks include variability in waste volumes, which may influence revenue, and the possibility of regulatory or tariff adjustments that could affect margins. Credit exposure arises primarily from dependence on the municipal government as the obligor for service fee payments; any delay or failure in such payments could have an adverse impact on liquidity. Operational risks encompass the technical demands of sustaining high utilization levels and the ongoing requirement to comply with stringent environmental standards, necessitating continuous investment in emissions control systems.

Sludge, leachate, fly ash, and others

Our projects in relation to the treatment of sludge, leachate, fly ash, and others (that are situated at the Changsha Environmental Protection Industrial Park) began as we entered into a BOT contract for sludge treatment with a concession period from 2006 to 2031, a BOT contract for leachate treatment with a concession period from 2006 to 2031, a BOT contract for fly ash treatment with a concession period from 2019 to 2049, and a TOT contract for landfill services with a concession period from 2006 to 2031.

The following table sets forth a summary, and the selected financial and operating data, of these projects for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Sludge treatment:				
– *Treatment volume ('000 tons)*	196	188	188	47
– *Revenue (RMB'000)*	81,953	79,412	95,692	20,782
– *Average price (RMB/ton)*	418	422	510[(1)]	447
Leachate treatment:				
– *Treatment volume ('000 tons)*	590	723	521	126
– *Revenue (RMB'000)*	83,063	101,879	70,231	16,859
– *Average price (RMB/ton)*	141	141	135	134
Fly ash treatment:				
– *Treatment volume ('000 tons)*	78	68	67	17
– *Revenue (RMB'000)*	104,510	95,384	67,693[(2)]	19,988
– *Average price (RMB/ton)*	1,340	1,403	1,015[(2)]	1,187
Landfill:				
– *Revenue (RMB'000)*	22,961	26,810	27,384	6,978
Others:[(3)]				
– *Revenue (RMB'000)*	60	96	27	–
Total operating revenue from this project	**292,547**	**303,581**	**261,027**	**64,607**

Notes:

1. The average price of our sludge treatment service for the year ended December 31, 2025 was relatively higher, as our Group had reached an agreement with the local government during this period to compensate the treatment price for sludge incineration in previous periods.

2. The revenue and average price of our fly ash treatment service for the year ended December 31, 2025 were relatively lower, primarily attributable to a discrepancy between the applicable tax rates enjoyed by our relevant operating projects and those specified during their initial project approval stage. The unit prices of our waste treatment services were determined with our customers at the project engagement stage with reference to various factors, including the then-prevailing macro policies such as applicable VAT rates. Due to subsequent adjustments in such policies, the actual tax burden of the relevant projects during operation was lower than that assumed in the pricing basis initially. Following negotiations with the relevant government authorities, a retroactive adjustment was made for both the current year and prior years. Accordingly, we recorded a one-time price adjustment, which resulted in short-term fluctuations in our revenue and average price. The impact of such adjustment was reflected in the financial statements for the year ended December 31, 2025 and the three months ended March 31, 2026. We will continue to recognize revenue based on the adjusted unit price going forward, and do not expect such adjustment to have any further material impact on our financial performance.

3. Primarily comprised revenue from office rental income.

Under the concession arrangements applicable to these projects, our remuneration structure encompasses charges for the treatment of sludge, leachate, and fly ash, calculated by reference to the verified quantities processed at the respective facilities. Measurement of volumes is conducted through government-approved metering systems, ensuring accuracy and transparency in fee determination. Payments under the concession agreements are based on actual treatment volumes recorded during the relevant period.

Given the nature of these projects, we assess that the principal business risks include variability in waste volumes, which may influence revenue, and potential changes in regulatory or tariff frameworks that could affect profitability. Credit risk arises primarily from reliance on the municipal government as the obligor for service fee payments; any delay or failure in such payments could adversely impact liquidity. Operational risks encompass the technical demands of maintaining high utilization levels and the ongoing requirement to comply with stringent environmental standards, necessitating continuous investment in emissions control and harmless treatment technologies.

Liuyang Waste-to-Energy Incineration Project

The Liuyang Waste-to-Energy Incineration Project is a waste-to-energy facility developed under a BOT agreement with a concession period from 2023 to 2053. Located in Jianxin Village, Hehua Subdistrict, Liuyang City. The project is equipped with two incineration lines and a steam turbine generator unit. Construction of this project commenced in 2023, and was successfully connected to the grid in January 2025. As of the Latest Practicable Date, this project had a treatment capacity of 1,200 tons of waste per day. We have also entered into a BOT agreement in relation to a fly ash treatment project with a concession period from 2025 to 2053.

The following is a photo of this project:

The following table sets forth selected operating and financial data in relation to this project for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Power generation functions:				
– *On-grid electricity sold (kWh'000)*	–	–	168,526	50,755
– *Revenue (RMB'000)*	–	–	65,366	20,235
– *Average electricity price (RMB/kWh)*	–	–	0.4	0.4
Waste incineration functions:				
– *Treatment volume ('000 tons)*	–	–	365	99
– *Revenue (RMB'000)*	–	–	25,906	7,003
– *Average price (RMB/ton)*	–	–	71.0	71.0
Others:[1]				
– *Revenue (RMB'000)*	–	–	923	315
Total operating revenue from this project	**–**	**–**	**92,195**	**27,553**

Note:

1. Primarily comprised revenue from the sale of bottom ash.

Under the current concession framework, charges for waste-to-energy incineration services are calculated based on the verified tonnage of waste delivered to the plant, with measurements conducted through government-certified metering systems to ensure accuracy and transparency. In addition to service fees, the project generates revenue from electricity sales to the local grid pursuant to standard power purchase agreements. Payments for incineration services are settled monthly by the municipal authority, while electricity revenues are invoiced and collected in accordance with prevailing tariff regulations and contractual terms.

Given the characteristics of this BOT arrangement, we assess that the principal business risks include fluctuations in waste volumes and potential changes in regulatory or tariff frameworks that could impact profitability. Credit risk arises primarily from reliance on the municipal government as the obligor for service fee payments. Operational risks encompass the technical challenges of sustaining high utilization rates and the need to maintain compliance with stringent environmental standards, requiring ongoing investment in emissions control technology.

Projects in Pingjiang

Our projects in Pingjiang comprise the Pingjiang Waste-to-Energy Incineration Project, which was developed under a BOT agreement with a concession period from 2023 to 2053. The project is located in Yingji Village, Wengjiang Town, Pingjiang County. The project is equipped with one furnace and a steam turbine generator unit. Construction of this project began in 2023 and was successfully connected to the grid in December 2024. As of the Latest Practicable Date, this project had a treatment capacity of 600 tons of household waste, 60 tons of sludge, and 50 tons of food waste per day. Our projects in Pingjiang also comprise a landfill project under a TOT agreement and a fly ash treatment project.

For the year ended December 31, 2025 and the three months ended March 31, 2026, we recorded no revenue from the Pingjiang Landfill Project. This was due to the commencement of the Pingjiang Waste-to-Energy Incineration Project in December 2024, after which the waste collected in Pingjiang and transferred to our projects in Pingjiang will be sent to waste-to-energy incineration. Incineration offers a more efficient and environmentally sustainable solution by converting waste into energy, eliminating the need for landfill disposal. In general, our Group does not allocate waste between landfill and incineration. Once a waste-to-energy facility becomes operational, the waste collected and transferred will be sent for waste-to-energy incineration. The Pingjiang Landfill Project, which was developed before the incineration plant was built, is expected to remain inactive with no plans for future allocation.

The following is a photo of this project:

The following table sets forth selected operating and financial data in relation to these projects for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
Power generation functions:				
– *On-grid electricity sold (kWh'000)*	–	5,330	98,069	27,891
– *Revenue (RMB'000)*	–	2,122	39,054	11,107
– *Average electricity price (RMB/kWh)*	–	0.4	0.4	0.4
Waste incineration functions:				
– *Treatment volume ('000 tons)*	–	19	199	56
– *Revenue (RMB'000)*	–	1,295	13,973	3,792
– *Average price (RMB/ton)*	–	68.2	67.7	67.7
Landfill:				
– *Revenue (RMB'000)*	11,735	11,630	–	–
Sewage treatment:				
– *Revenue (RMB'000)*	5,134	4,864	3,561	681
– *Treatment volume ('000 tons)*	154	156	114	22
– *Average price (RMB/ton)*	33	31	31	31
Others:[1]				
– *Revenue (RMB'000)*	697	383	1,247	309
Total operating revenue from these projects	**17,566**	**20,294**	**57,835**	**15,889**

Note:

1. Primarily comprised income from biogas resource fees, equipment commissioning income, and revenue from the sale of bottom ash and scrap materials.

Under the terms of the concession, fees for incineration services are determined by the actual tonnage of waste delivered to the facility, as verified through government-approved metering systems to ensure accuracy and transparency. Alongside these service charges, the project earns additional income from electricity supplied to the local grid pursuant to standardized power purchase agreements. Payments for incineration services are made monthly by the municipal authority, while electricity revenues are invoiced and settled in accordance with applicable tariff regulations and contractual provisions. This arrangement is designed to deliver stable and predictable cash flows and reflects the long-term nature of the concession, which concludes with the transfer of the facility to the government without consideration upon expiry.

Given the structure of this build-operate-transfer model, we assess that the key business risks include variability in waste volumes, which may influence revenue, and potential amendments to regulatory or tariff regimes that could affect profitability. Credit exposure arises primarily from dependence on the municipal government as the counterparty for service fee payments; any delay or default could have an adverse impact on liquidity. Operational risks relate to the technical challenges of maintaining high utilization levels and the ongoing obligation to comply with stringent environmental standards, necessitating continuous investment in emissions control technology.

Changsha Transfer Project

The Changsha Transfer Project, located in Changsha, is primarily responsible for the interim treatment and compression of household waste, and transferring it to the Changsha Environmental Protection Industrial Park for clean waste-to-energy incineration. The project operates one of the largest household waste interim treatment, compression, and transfer systems in China. As of the Latest Practicable Date, this project had a treatment capacity of 10,000 tons of household waste per day. This project is operated by Renhe under a BOOT agreement with a concession period from 2005 to 2030. Furthermore, this project also comprise a sewage treatment facility.

The following is a photo of this project:

The following table sets forth selected operating and financial data in relation to this project for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024[1]	2025	2026
Waste interim treatment:				
– *Treatment volume ('000 tons)*	–	265	3,251	799
– *Revenue (RMB'000)*	–	54,047	684,966	171,290
– *Average price (RMB/ton)*	–	204	211	214
Sewage treatment:				
– *Revenue (RMB'000)*	–	912	10,089	2,796
– *Treatment volume ('000 tons)*	–	11	126	35
– *Average price (RMB/ton)*	–	83	80	80
Others[2]				
– *Revenue (RMB'000)*	–	–	4,107	1,022
Total operating revenue from this project	**–**	**54,959**	**699,162**	**175,108**

Notes:

1. This project had only become a part of our Group after the Acquisition of Renhe, which was completed in November 2024. For such reasons, the information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to this project prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the section headed "Financial Information — Financial information of Renhe" in this Document.

2. Primarily comprised rental income.

The Changsha Transfer Project is supported by fully enclosed transfer stations, negative pressure odor control systems, and scheduling platforms to optimize logistics and minimize environmental impact. We believe that these features reflect our technical leadership and commitment to innovation in waste transfer and treatment.

Under the concession framework, charges for waste transfer and interim treatment services are determined by reference to the verified tonnage of waste handled at the facility, with measurements conducted through government-certified metering systems to ensure accuracy and transparency. Payments for these services are settled monthly by the municipal authority, while any ancillary revenues are invoiced and collected in accordance with prevailing regulations and contractual provisions. This structure is designed to provide predictable cash flows and reflects the long-term nature of the concession, which culminates in the grantor's option to purchase the facility at appraised value upon expiry.

Given the characteristics of this BOOT arrangement, we assess that the principal business risks include variability in waste volumes, which may influence revenue, and potential changes in regulatory or tariff frameworks that could affect profitability. Credit exposure arises primarily from reliance on the municipal government as the counterparty for service fee payments; any delay or default could adversely impact liquidity. Operational risks relate to the technical challenges of maintaining consistent service standards and compliance with stringent environmental requirements, necessitating ongoing investment in equipment and harmless treatment technologies. Supply chain vulnerabilities, particularly in relation to spare parts and skilled labor for maintenance, also represent a material risk. These risks are mitigated through the security afforded by long-term concession rights, government-backed payment undertakings, and the deployment of advanced waste handling systems designed to optimize efficiency and ensure regulatory compliance.

Changsha Food Waste Project

The Changsha Food Waste Project is located in Changsha and is primarily responsible for the collection and treatment of food waste from the urban areas of Changsha, Liuyang, and Ningxiang. During the Track Record Period, our food waste collection operations covered Changsha City, as well as the urban areas of Liuyang City and Ningxiang City, and the number of food waste-generating entities from which we collect food waste (such as restaurants and institutional canteens) was around 34,000, 34,000, 33,000, and 33,000, respectively. As of the Latest Practicable Date, this project had a daily treatment capacity of 1,200 tons of food waste per day. Such capacity ranks this project among the largest of its kind in Hunan and the third largest in China, for the year ended December 31, 2025. Renhe operates this project under a BOO agreement with a concession period from 2012 to 2037.

The Changsha Food Waste Project is supported by various infrastructure and advanced treatment technologies. We have established a full-chain treatment system that includes pre-treatment, anaerobic fermentation, biogas power generation, and waste heat utilization. Our technical capabilities include impurity separation, high oil recovery, high-value solid residue conversion, and pollution mitigation.

The Changsha Food Waste Project has been recognized as a Typical Case of Resource Recycling in Hunan Province and a Benchmark Project in the provincial sanitation industry.

The following is a photo of this project:

The following table sets forth selected operating and financial data in relation to this project for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024[1]	2025	2026
Collection of food waste:				
– *Revenue (RMB'000)*	–	4,568	65,404	15,741
Treatment of food waste:				
– *Treatment volume ('000 tons)*	–	39	414	91
– *Revenue (RMB'000)*	–	13,136	115,614[2]	29,744
– *Average price (RMB/ton)*	–	337	279[2]	326
Sale of industrial-grade mixed oil:				
– *Sales volume (tons)*	–	2,849	30,702	6,564
– *Revenue (RMB'000)*	–	17,280	198,730	42,281
– *Average price (RMB/ton)*	–	6,065	6,473	6,442
Sale of electricity generated from biogas:				
– *Electricity sold ('000 kWh)*	–	795	9,237	1,250
– *Revenue (RMB'000)*	–	318	3,678	498
– *Average price (RMB/kWh)*	–	0.4	0.4	0.4
Others[3]				
– *Revenue (RMB'000)*	–	434	502	335
Total operating revenue from this project	**–**	**35,736**	**383,928**	**88,599**

Notes:

1. This project had only become a part of our Group after the Acquisition of Renhe, which was completed in November 2024. For such reasons, the financial information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to this project prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the section headed "Financial Information — Financial information of Renhe" in this Document.

2. The revenue and average price of our food waste treatment service for the year ended December 31, 2025 were relatively lower, primarily attributable to a discrepancy between the applicable tax rates enjoyed by our relevant operating projects and those specified during their initial project approval stage. The unit prices of our waste treatment services were determined with our customers at the project engagement stage with reference to various factors, including the then-prevailing macro policies such as applicable VAT rates. Due to subsequent adjustments in such policies, the actual tax burden of the relevant projects during operation was lower than that assumed in the pricing basis initially. Following negotiations with the relevant government authorities, a retroactive adjustment was made for both the current year and prior years. Accordingly, we recorded a one-time price adjustment, which resulted in short-term fluctuations in our revenue and average price. The impact of such adjustment was reflected in the financial statements for the year ended December 31, 2025 and the three months ended March 31, 2026. We will continue to recognize revenue based on the adjusted unit price going forward, and do not expect such adjustment to have any further material impact on our financial performance.

3. Primarily comprised revenue from the sale of scrap material.

Under the current concession framework, charges for food waste treatment services are calculated based on the verified tonnage of waste delivered to the facility, with measurements conducted through government-certified metering systems to ensure transparency and accuracy. In addition to service fees, the project generates ancillary revenue streams from the electricity generated from biogas and other by-products produced during the treatment process. Payments for treatment services are settled monthly by the municipal authority, while revenues from the sale of electricity and by-products are invoiced and collected in accordance with prevailing regulations and contractual provisions. This structure is intended to provide predictable cash flows and reflects the long-term nature of the concession.

Given the characteristics of this BOO arrangement, we assess that the principal business risks include variability in food waste volumes, which may influence revenue, and potential changes in regulatory or tariff frameworks that could affect profitability. Credit exposure arises primarily from reliance on the municipal government as the counterparty for service fee payments; any delay or default could adversely impact liquidity. Operational risks relate to the technical challenges of maintaining consistent treatment standards and compliance with stringent environmental

requirements, necessitating ongoing investment in harmless treatment and emissions control technologies. Supply chain vulnerabilities, particularly in relation to spare parts and skilled labor for maintenance, also represent a material risk. These risks are mitigated through the security afforded by long-term concession rights, government-backed payment undertakings, and the deployment of advanced treatment technologies designed to optimize efficiency and ensure regulatory compliance.

Bishkek Project (phase I)

Phase I of the Bishkek Project is a waste-to-energy facility developed under an agreement with a concession period from 2024 to 2059, which was signed in 2024 with the Bishkek City Government. This project is located in the capital city of Bishkek, Kyrgyzstan. It had commenced operation in December 2025, with a waste treatment capacity 1,000 ton per day as of the Latest Practicable Date.

The following is a photo of this project:

	For the years ended December 31,			For the three months ended March 31,
	2023	2024	2025[1]	2026
Power generation functions:				
– *On-grid electricity sold (kWh'000)*	–	–	17,105	50,534
– *Revenue (RMB'000)*	–	–	8,572	24,498
– *Average electricity price (RMB/kWh)*	–	–	0.5	0.5
Waste incineration functions:				
– *Treatment volume ('000 tons)*	–	–	40	98
– *Revenue (RMB'000)*	–	–	4,600	10,106
– *Average price (RMB/ton)*	–	–	116.5	103.3
Total operating revenue from these projects	**–**	**–**	**13,172**	**34,604**

Note:

1. This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

Under the current concession framework, waste-to-energy service fees will be calculated based on the government-verified tonnage of waste delivered to the plant. The project also earns revenue from electricity sales to the local grid under standard power purchase agreements. Incineration service fees are settled monthly by the municipal authority, and electricity revenues are collected in accordance with applicable tariff regulations and contractual terms.

Key risks under this BOO arrangement include variability in waste volumes, potential changes in regulatory or tariff policies, and credit exposure arising from reliance on the municipal government for service fee payments. Operational risks relate to maintaining stable treatment performance and complying with stringent environmental standards, as well as supply chain needs for spare parts and skilled maintenance personnel. These risks are mitigated by long-term concession rights, government-backed payment undertakings, and the use of advanced treatment technologies that support efficiency and regulatory compliance. Under a BOO model, the project company is not required to transfer ownership of the facilities at nil consideration expiry of the concession period. As a result, projects structured under this model are exposed to risks associated with the disposal or continued operation of the facilities at the end of the concession term, as well as risks arising from any negotiations with the relevant authorities regarding a potential transfer after the concession expires.

The capacity, volume and load rates of our key services

The following table sets forth a summary of the capacity, volume and load rates of our projects in operation for the periods indicated:

		For the years ended December 31,						For the three months ended March 31,	
		2023		2024		2025		2026	
Project	Designed annual treatment capacity	Actual treatment volume[1]	Annualized load rate	Actual treatment volume[1]	Annualized load rate	Actual treatment volume[1]	Annualized load rate	Actual treatment volume[1]	Annualized load rate
	('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*
Projects at our Changsha Environmental Protection Industrial Park									
Changsha Waste-to-Energy Incineration Project (phase I)	1,800	1,936	107.6	1,819	101.1	1,902	105.7	474	105.3
Changsha Waste-to-Energy Incineration Project (phase II)									
• *Waste-to-energy incineration function*	1,022	1,299	127.1	1,365	133.6	1,278	125.0	311	121.7
• *Sludge treatment function*	183	201	109.8	183	100.0	177	96.7	49	107.1
Sludge treatment project	183	196	107.0	188	102.7	188	102.7	47	102.7
Leachate treatment project	986	590	59.8	723	73.3	521	52.8	126	51.1
Fly ash treatment project	79	78	98.7	68	86.1	67	84.8	17	86.1
Changsha Landfill Project	1,460	4	0.0	0	0.0	0	0.0	0	0.0
Liuyang Waste-to-Energy Incineration Project	438	N/A	N/A	N/A	N/A	365	83.3	99	90.4
Projects in Pingjiang									
Pingjiang Waste-to-Energy Incineration Project	219	N/A	N/A	19	104.1	199	90.9	56	102.3
Pingjiang Landfill Project	80	112	140.0	111	138.8	0	0.0	0	0.0

Project	Designed annual treatment capacity	For the years ended December 31, 2023 Actual treatment volume[1]	2023 Annualized load rate	2024 Actual treatment volume[1]	2024 Annualized load rate	2025 Actual treatment volume[1]	2025 Annualized load rate	For the three months ended March 31, 2026 Actual treatment volume[1]	2026 Annualized load rate
	('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*	*('000 tons)*	*(%)*
Changsha Transfer Project[2]									
- *Household waste interim treatment functions*	3,650	N/A	N/A	265	87.1	3,251	89.1	799	87.6
- *Sewage treatment functions*	438	N/A	N/A	11	30.1	126	28.8	35	32.0
Changsha Food Waste Project[2]	438	N/A	N/A	39	106.8	414	94.5	91	83.1
Bishkek Project (phase I)[3]	365	N/A	N/A	N/A	N/A	40	131.5	98	107.4

Notes:

1. The actual waste treatment volume listed in the table above refers to the volume of waste that arrives at our site (i.e., the incoming waste volume). This incoming waste volume is measured by a government-verified metering system and is used to calculate the revenue we earn from waste treatment services. According to the typical treatment processes involved at our waste-to-energy incineration projects, from the time the waste arrives at the site to when it is fed into the furnace for incineration, the waste would be stored and fermented in the waste pit. During this process, there would be a certain degree of leachate loss. Therefore, the volume of waste entering the furnace (i.e., the incineration input volume) is generally lower than the incoming waste volume, due to the leachate loss during storage and fermentation. Our Directors believe that the above discrepancy is normal and according to F&S, such measurements are in line with the common market practices.

2. The operational figures set forth in this table only reflect those subsequent to the Acquisition of Renhe, which was completed in November 2024.

3. This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

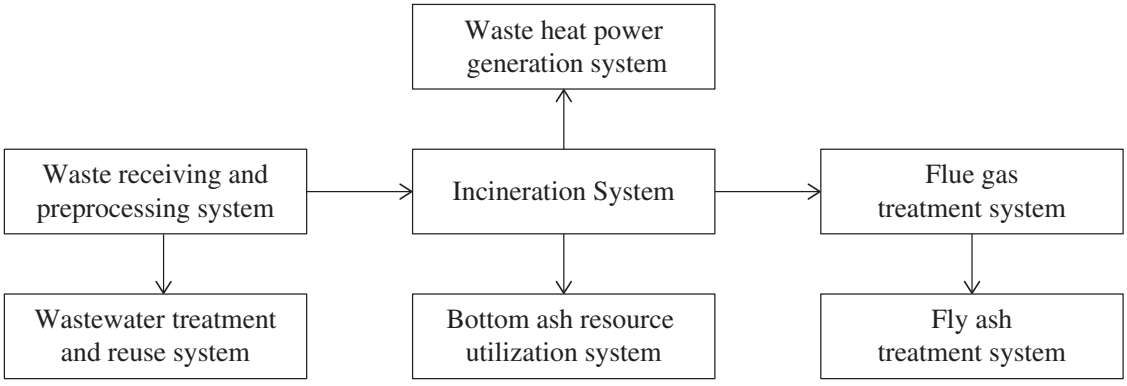
During the Track Record Period, some of our Group's projects have operated above their legal overloading limit when measured by the incineration input volume. Firstly, our Group's Changsha Waste-to-Energy Incineration Project (Phase II) exceeded the statutory capacity utilization threshold for garbage treatment by less than 30%. According to our PRC Legal Advisor, the Changsha Ecological Environment Bureau Wangcheng Branch, being the relevant competent environmental authority, has confirmed that phase II does not constitute a "major change in construction project" under the relevant regulations, and therefore do not require reapplication for environmental impact assessment approval. Furthermore, such bureau has verified that there has been no excessive discharge of solid waste, wastewater, or exhaust gases, and no environmental violations have occurred, so no administrative penalties will be imposed. Secondly, our Group's sludge treatment project in the Changsha Environmental Protection Industrial Park recorded utilization rates above the statutory threshold by less than 30%. According to our PRC Legal Advisor, the Changsha Ecological Environment Bureau Wangcheng Branch, being the relevant competent environmental authority, has confirmed compliance with all relevant standards, with no violations or penalties applicable. Thirdly, our Pingjiang Landfill Project operated above the legal limit by less than 30%. According to our PRC Legal Advisor, the Yueyang Ecological Environment Bureau Pingjiang Branch, being the relevant competent environmental authority, has confirmed that all operational indicators, monitoring data, and total emissions are compliant, with no pollution incidents, disputes, or violations identified. Fourthly, Changsha Food Waste Project exceeded the legal limit with rates slightly above 130%. Renhe Environment obtained written approval from the Changsha Municipal Bureau of Ecology and Environment, being the relevant competent environmental authority, for the upgraded technical transformation project, which will allow the treatment capacity to reach 1,560 tons per day upon completion. The upgraded project is still under construction, and the Changsha Municipal Bureau of Ecology and Environment has issued written confirmation that, until the project is completed and environmental acceptance procedures are finalized, Renhe Environment may continue to operate at the current production scale, using existing production methods and pollution control measures.

According to our PRC Legal Advisor, the legal assessment of overloading is determined by whether the actual operational capacity exceeds the limits approved in the environmental impact assessment, which is measured by incineration input volume. According to the Regulations on the Administration of Environmental Protection for Construction Projects (《建設專案環境保護管理條例》), which came into effect on October 1, 2017, and the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which came into effect on December 29, 2018, if, after an ecological-environmental impact report or an ecological-environmental impact report form for a construction project has been approved, material changes occur to the nature, scale, location, production processes, or pollution prevention and ecological damage prevention measures of the construction project, the project-proposing entity shall resubmit the ecological-environmental impact report or ecological-environmental impact report form for approval. On August 15, 2026, the Ecological Environment Code of the PRC (《中華人民共和國生態環境法典》) came into effect, upon which the Environmental Impact Assessment Law of the PRC was repealed. The Ecological Environment Code of the PRC likewise provides that, where material changes occur to a construction project, the ecological-environmental impact report or ecological-environmental impact report form of such project shall be resubmitted for approval. Under the List of Major Changes for Pollution-Impact Construction Projects (Trial) 《污染影響類建設項目重大變動清單(試行)》, a 30% or greater increase in processing capacity constitutes a major change that requires re-approval. As of the Latest Practicable Date, all necessary confirmations from the relevant environmental authorities have been obtained. These confirmations specifically verify that our Group's operations may continue under existing conditions. On this basis, our PRC Legal Advisor considers the legal risks arising from such overloading to be minimal and not expected to have any material adverse impact on our Group's operations. According to the List of Major Changes for Pollution-Impact Construction Projects (Trial), only projects with an increase in production, disposal, or storage capacity of 30% or more are considered "major changes" and must reapply for environmental impact assessment approval. For the projects listed above, except for Renhe Environment's ongoing upgrade, the competent authorities have confirmed that no major change has occurred as of the Latest Practicable Date.

OUR TREATMENT PROCESSES

Waste-to-energy incineration

The following flowchart and summary illustrate the processes involved at our waste-to-energy facilities:



The process of clean waste-to-energy incineration engages multiple systems, each playing a critical role in turning solid waste into energy while minimizing environmental impact. These systems include:

1. *Waste receiving and preprocessing system:* For our Changsha Waste-to-energy Incineration Project, upon the arrival of vehicles transporting waste from interim treatment and transfer facilities, we direct them to enter either phase I or phase II of the site. This allocation is determined based on the storage capacity at each facility. Adjustments are made as needed to accommodate any maintenance or repair activities affecting facility availability.

Upon arrival, the waste is first weighed and deposited into a sealed storage pit, where it undergoes a controlled fermentation process lasting three to five days to discharge leachate, thus improving combustion efficiency. For facilities that also manage sludge or kitchen waste, these materials are separately received, dewatered, and treated through thermal drying or co-treatment processes. The unloading area is equipped with air curtains and negative pressure ventilation to prevent odor emissions, with exhaust gases directed into the incinerator for combustion.

2. *Incineration system:* Following preprocessing, the waste is transferred into the incinerator using mechanical grabs. The incineration process occurs on a three-stage grate system, ensuring thorough and stable combustion. The resulting bottom ash, or slag, is discharged via a slag extractor and temporarily stored in a designated pit for further handling.

3. *Waste heat power generation system:* The high-temperature flue gases produced during incineration are utilized to generate electricity. These gases pass through a waste heat boiler, where they heat water to produce superheated steam. This steam drives a turbine generator, converting thermal energy into electrical energy. A portion of the electricity generated is used to power the facility, while the surplus is supplied to the public grid.

4. *Flue gas purification system:* To ensure compliance with environmental standards, the flue gas undergoes a multi-stage purification process. This includes selective non-catalytic reduction ("**SNCR**") for nitrogen oxide removal, dry or semi-dry acid gas neutralization, activated carbon adsorption for dioxins and heavy metals, and baghouse filtration for particulate matter. The treated flue gas is then safely released into the atmosphere via a chimney.

5. *Bottom ash resource utilization system:* After waste incineration, the resulting bottom ash is transported to a third-party facility for comprehensive resource utilization.

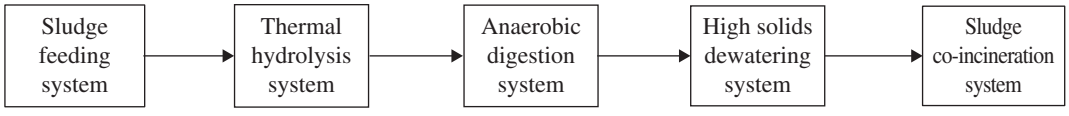
6. *Fly ash treatment system:* Fly ash generated during the flue gas purification process is also treated and disposed of. Once the fly ash has undergone chelation and solidification treatment and passes inspection, it is safely disposed of at a dedicated landfill site.

7. *Wastewater treatment and reuse system:* The wastewater generated by the project is treated using a combined process that includes anaerobic reactor, two-stage denitrification and nitrification, ultrafiltration membrane, nanofiltration membrane, and reverse osmosis membrane. Once the treatment meets the required standards, all of the water is reused. The concentrated liquid is re-injected into the incinerator.

Sludge treatment

Our technical capabilities include the integration of advanced processes such as thermal hydrolysis, high-temperature high-solid anaerobic digestion, and advanced dewatering process. The processes involved at our Changsha Environmental Protection Industrial Park for sludge treatment comprise "thermal hydrolysis + high-temperature, high-solid anaerobic digestion + deep dewatering, followed by integrated incineration with household waste". This process begins with thermal hydrolysis to break down complex organic matter, followed by high-temperature, high-solid anaerobic digestion to generate biogas and reduce sludge volume. The digested sludge is then deeply dewatered and co-incinerated with household waste. This pathway supports circular waste management, particularly in the form of renewable energy.

The following flowchart and summary illustrates the processes involved at our sludge treatment facilities:



1. *Sludge feeding system*: This system manages the reception, storage, and dilution of sludge. Upon arrival, the sludge is stored in a dedicated silo and diluted through a controlled piping network. The diluted sludge is then pumped into the thermal hydrolysis system. This initial stage ensures that the sludge is properly conditioned for subsequent treatment.

2. *Thermal hydrolysis system:* The thermal hydrolysis system prepares the sludge for digestion by breaking down complex organic compounds. The process begins with slurry formation and conditioning, where the sludge is heated using saturated steam and pumped into the thermal hydrolysis system for treatment. The heated sludge is transferred to a conditioning tank and mixed with cooling water and alkaline agents.

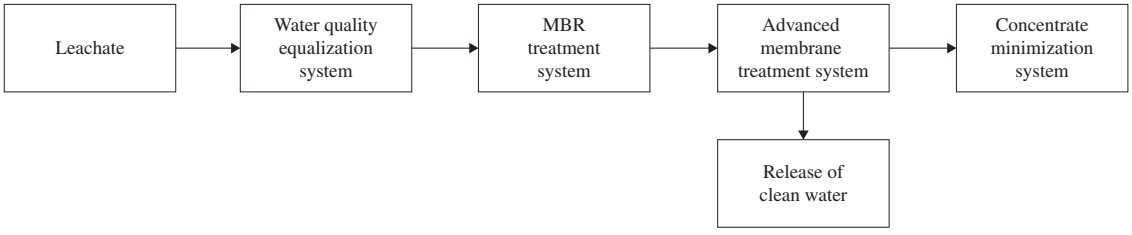
3. *Anaerobic digestion system:* This system is the core of the sludge treatment process. The thermal hydrolysis system is introduced into sealed digesters, where anaerobic microorganisms decompose the organic matter in the absence of oxygen. This biological reaction generates biogas, primarily methane. A portion of the biogas is reused to power the digester's mixing system, while the remainder is purified and stored in a gas holder. The stored biogas is then used to fuel the steam boiler that supports the thermal hydrolysis system.

4. *High solids dewatering system:* The sludge from the digesters is adjusted and then dewatered by the plate and frame filter press. The resulting filtrate is sent to the wastewater treatment system for further processing, ensuring that all liquid by-products are properly managed.

5. *Sludge co-incineration system:* Once dewatered, the sludge cake, now with a moisture content suitable for combustion, is transported to a waste-to-energy incineration facility.

Leachate treatment

The following flowchart and summary illustrates the processes involved at our leachate treatment facilities:



1. *Water quality equalization system:* This system is responsible for mixing and regulation of leachate from landfills and incineration plants.

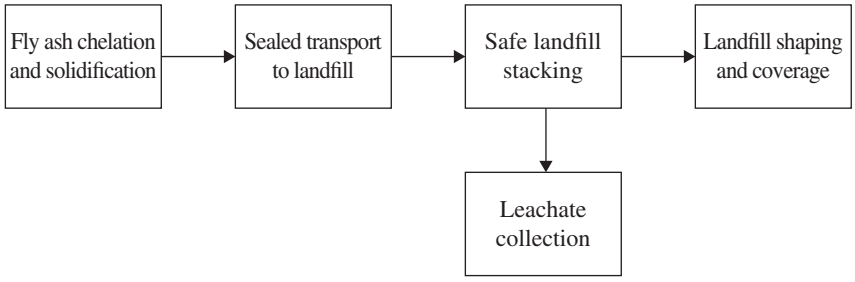
2. *MBR treatment system:* This system performs biological nitrogen removal and organic pollutant degradation. It includes two-stage denitrification and an ultrafiltration unit. Leachate enters the biological system where nitrogen compounds and chemical oxygen demand are reduced, and then separated using ultrafiltration. The filtered water is adjusted for pH and directed to the advanced membrane treatment system.

3. *Advanced membrane treatment system:* This system uses reverse osmosis membranes to efficiently retain pollutants from the ultrafiltration effluent. The produced water meets relevant regulatory standards and is discharged to the municipal sewage treatment plant through a dedicated pipeline.

4. *Concentrate minimization system:* This system consists of a nanofiltration unit. It further concentrates the reverse osmosis reject stream to reduce the volume of concentrate. The concentrated brine is transported off-site for specialized treatment, while the clarified liquid is returned to the adjustment tank for reprocessing.

Fly ash treatment

The following flowchart and summary illustrates the processes involved in fly ash treatment:



1. *Fly ash chelation and solidification:* Fly ash is first weighed and blended with chelating agent solution. After sufficient mixing time, the stabilized mixture is discharged into one-ton bags. These bags are then moved by forklift to a designated curing area, where they are stacked and left to cure. Once the curing process is complete and the material passes quality inspection in accordance with relevant standards, it is cleared for off-site transport.

2. *Sealed transport to landfill:* Once certified, the chelated and solidified ash solids is loaded onto special transport vehicles. The cargo is securely covered with tarpaulin to prevent leakage or exposure during transit, and then dispatched to the designated ash landfill site.

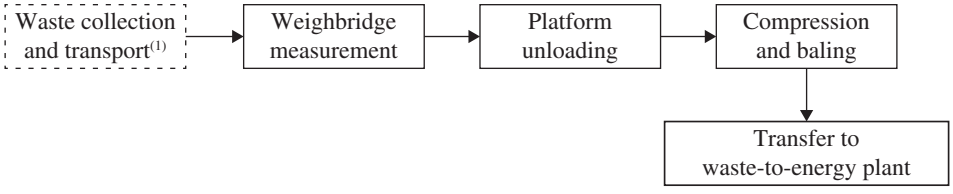
3. *Safe landfill stacking:* After solidification, the fly ash is unloaded into a slag landfill site. As at the Latest Practicable Date, this project has a designed processing capacity of 410 tons of chelated solids.

4. *Landfill shaping and coverage:* At the end of each day's landfill operation, the filled area is covered, sealed, and weighted to prevent erosion or leachate escape. Once a section of the landfill reaches its planned capacity, it undergoes final shaping, covering, and ballast placement to complete that phase of the landfill.

5. *Collection and centralized treatment of leachate:* The leachate from ash flows into a regulating tank through sewage drainage system, and will be treated centrally once it accumulates to a certain volume. After meeting the relevant standards, it will be discharged through an existing tail water discharge pipeline to a sewage treatment plant for further treatment.

Interim treatment, compression, and transfer of household waste

The following flowchart illustrates the processes involved at our Changsha Transfer Project in relation to household solid waste:



Note:

1. Not operated by Renhe, but constitutes a part of the overall value chain.

1. *Waste collection and transport:* Residents dispose of household waste at designated collection points. Sanitation departments in each district or county are responsible for collecting the waste using specialized vehicles. These vehicles transport the waste to a centralized transfer and processing facility.

2. *Weighbridge measurement:* This system includes an electronic truck scale and weighing software. It enables automatic vehicle identification and weight recording. Upon arrival at the facility, each collection vehicle is weighed, and its license plate is scanned to upload the data. The vehicle then proceeds to the unloading area for waste compression.

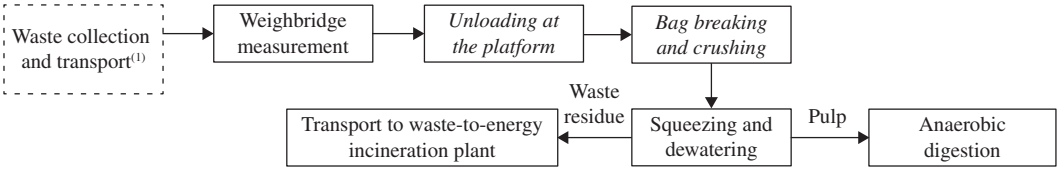
3. *Platform unloading:* After weighing, the collection vehicle enters the unloading platform. Under the guidance of signal lights and personnel, the vehicle is directed to a designated unloading position where the waste is discharged into a storage pit. Both the unloading platform and the pit are equipped with dust and odor control systems to prevent environmental impact. Once unloading is complete, the vehicle is weighed again before exiting the facility.

4. *Compression and baling:* Waste temporarily stored in the pit is moved forward evenly by a plate conveyor. It falls into the receiving chamber of the compactor in batches, where it is compressed in cycles. When the compressed waste reaches a preset weight, the conveyor stops feeding.

5. *Transfer to waste-to-energy plant:* Once pre-compacted and baled, the waste is transferred into a container truck that docks with the compactor. The compactor's gate and sealing mechanism open automatically, and the waste block is pushed into the container. The container truck then transports the waste to a waste-to-energy incineration plant for power generation.

Another aspect of our Changsha Transfer Project is the interim treatment, and transfer of kitchen waste. The processes involved are slightly different to those concerning household solid waste owing to the nature of the kitchen waste.

The following flowchart illustrates the processes involved at our Changsha Transfer Project in relation to kitchen waste:



Note:

1. Not operated by Renhe, but constitutes a part of the overall value chain.

1. *Waste collection and transport***:** Residents deposit kitchen waste at designated drop-off points. Sanitation centers in each district or county use specialized kitchen waste vehicles to collect the waste and transport it to the treatment facility.

2. *Weighbridge measurement*: Upon arrival, vehicles are weighed using an electronic weighbridge system that includes automatic vehicle recognition and smart metering software. After weighing and license plate recognition, the vehicles proceed to the unloading area.

3. *Unloading at the platform:* Vehicles enter the unloading platform, guided by signal lights and staff, and empty the kitchen waste into a receiving pit. Both the pit and platform are equipped with dust and odor control systems to minimize environmental impact. Vehicles are weighed again before exiting the facility.

4. *Bag breaking and crushing:* The waste is dropped into a receiving pit and processed by a bag-breaking machine that crushes the waste to the required particle size. The crushed material is then transferred to a temporary storage chamber connected to the pressing system.

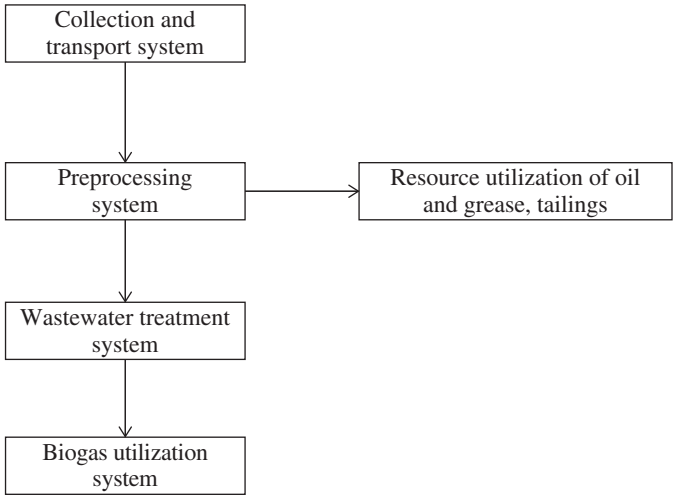
5. *Pressing and dehydration:* When the pressing system detects that the chamber has reached a set weight, the press compresses the waste to remove excess water. The resulting slurry and solid residues are then directed to separate processing stages.

6. *Transport to waste-to-energy incineration plant*: The solid residues are loaded into container trucks by the press and transported to a waste-to-energy incineration plant, where they are temporarily stored and used for power generation.

7. *Anaerobic digestion and biogas production:* The slurry is directed to an anaerobic digestion system. Microbial communities break down the high-concentration organic matter in the liquid, producing biogas. This biogas is then used for electricity generation.

Collection, harmless treatment, and resource utilization of food waste

The following flowchart illustrates the processes involved at our Changsha Food Waste Project:



1. *Collection and transport system*: Food waste is collected using dedicated vehicles and transported to the treatment facility. Upon arrival, the vehicles are weighed at the weighbridge to record the incoming waste volume. The waste is then unloaded in the reception hall of the preprocessing workshop.

2. *Preprocessing system:* This system includes unloading, sorting, crushing and pulping, thermal conditioning, and three-phase separation. Food waste is first discharged into a receiving hopper in the unloading area. It then passes through a sorting stage to remove large contaminants, ensuring efficient separation of food waste from impurities. The sorted material is crushed and pulped, followed by a secondary impurity removal process to eliminate sand and debris. The slurry is then heated through pipeline systems and conveyed to the three-phase separation unit. In this stage, a high-speed centrifuge separates the slurry into three components: oil, water, and residue. The recovered oil is sold to grease processing facilities, the wastewater is directed to the on-site wastewater treatment system, and the solid residue is transported to insect farming operations for reuse.

3. *Wastewater treatment system:* This system includes anaerobic digestion, aerobic aeration, and advanced treatment processes. The treated effluent must meet regulatory discharge standards before being released into the sewer network. Biogas generated during anaerobic digestion is collected for energy use.

4. *Biogas utilization system*: This system includes biogas purification and energy conversion. The biogas produced from anaerobic fermentation is purified and sent to a combined cooling, heating, and power ("**CCHP**") station for efficient resource utilization. A portion of the purified biogas is used to generate electricity, while the remainder is burned in a gas boiler to produce steam, which supplies heat for the preprocessing system.

OUR OVERSEAS EXPANSION

We have made progress in expanding our waste-to-energy model internationally, with a strategic focus on Central Asia. In 2024, we have signed a service concession agreement to invest in, finance, construct, and operate a waste-to-energy facility in the capital city of Bishkek, Kyrgyzstan. Phase I of the Bishkek project had commenced operation in December 2025. As of the Latest Practicable Date, we have signed an investment agreement, followed with a service concession agreement, to develop a green energy and environmental services project in Osh City, Kyrgyzstan, and an investment agreement and service concession agreement for two similar projects in the Issyk-Kul Prefecture of Kyrgyzstan. We have also entered into a memorandum of understanding in July 2025, an investment agreement in late August 2025, and a waste supply agreement and a power purchase agreement in April 2026, to develop a similar project in Almaty, Kazakhstan. Some of our overseas initiatives may involve the design and development of integrated environmental hubs under our "three-center" model. This will combine a green power center (converting waste into clean electricity), a heating center (utilizing steam for district heating), and a computing power center (powered by green electricity and cooled using steam-based technologies).

By exporting our technical expertise, operational excellence, and integrated service model, we believe that we are reinforcing our market position in the solid waste and green energy sectors while contributing meaningfully to global sustainability.

OUR MODE OF OPERATIONS

We operate under a robust concession-based model that forms the foundation of our long-term strategy in the environmental services sector. This model enables us to deliver large-scale, capital-intensive infrastructure projects with long-term revenue visibility, operational autonomy, and alignment with national sustainability goals. Through a combination of BOT, BOO, BOOT, and TOT models, we have established a diversified and resilient project development framework that supports our domestic and international expansion. We have secured exclusive concession rights for a wide range of projects across key jurisdictions in China and abroad. These concession agreements, typically spanning 25 to 35 years, provide a stable foundation for long-term operations, investment planning, and infrastructure lifecycle management.

We believe that our concession-based model offers several key advantages. Firstly, the extended duration of our concession rights ensures predictable and stable cash flows, supporting long-term financial planning and investment returns. Exclusive rights in strategic regions such as Changsha and Pingjiang limit market competition and reinforce our market position. Concession agreements grant us full authority to design, build, operate, and maintain facilities, allowing us to implement advanced technologies and optimize performance. Finally, the success of our concession-based projects provides a replicable model for expansion into other regions and international markets, as demonstrated by our efforts in Kyrgyzstan and Kazakhstan.

Our four project models

To execute our concession projects, we employ such four primary models tailored to the nature of each project and its regulatory environment. Each model as described below is strategically selected based on the nature of the project, the regulatory environment, and the long-term value it can generate for both public stakeholders and our enterprise.

The following table sets forth a comparison of the key characteristics of these models. Some characteristics that are project-specific and cannot be analyzed by models are also included in the table:

	BOT	TOT	BOOT	BOO
Rights and obligations of each party:				
"Build"	We are responsible to build the facilities.	We are not responsible to build the facilities.	We are responsible to build the facilities.	We are responsible to build the facilities.

	BOT	TOT	BOOT	BOO
"Operate"	We are responsible for operations.	We are responsible for operations.	We are responsible for operations.	We are responsible for operations.
"Ownership"	Pursuant to the concession agreements, we own the relevant facilities within the concession periods.	Pursuant to the concession agreements, we own the relevant facilities within the concession periods.	Pursuant to the concession agreements, we own the relevant facilities within the concession periods.	We obtain the ownership of the relevant facilities developed and operated by us.
"Transfer"	We will transfer our ownership of these facilities after the concession periods usually for nil consideration.	We will transfer our ownership of these facilities after the concession periods usually for nil consideration.	We would normally negotiate for the consideration for transferring the ownership of these facilities after the concession periods.	No transfer required.
Capital and financing arrangements and the associated risks:	As we are responsible for building the facilities, we would utilize internal funds and external financial sources to finance the construction. Hence there would be a certain level of risk in relation to our repayments.	Lower capital requirement than other models. Financial risk centers on operational cash flow and cost control.	As we are responsible for building the facilities, we would utilize internal funds and external financial sources to finance the construction. Hence there would be a certain level of risk in relation to our repayments.	As we are responsible for building the facilities, we would utilize internal funds and external financial sources to finance the construction. Hence there would be a certain level of risk in relation to our repayments.
Internal control measures adopted:	We do not adopt model-specific internal control measures. Instead, we generally adopt internal control measures based on the risks of each project to mitigate operational risks. Such internal control measures also depend on the type of waste treatment processes involved.			
Profitability:	Similarly, we believe that the general profitability would be better analyzed on a project-by-project basis, as it relies on various factors apart from operational model.			

Under both BOT and BOOT arrangements, we are granted operation rights over the relevant facilities during the concession period, which are distinct from ownership rights. In a BOT project, registration of the facilities under our name is generally for operational purposes and we do not have unrestricted control over the facilities, and the facilities are customarily transferred or reverted to the grantor at nil consideration upon expiry. In contrast, a BOOT project involves ownership rights during the concession period, with the transfer arrangement upon expiry, including any consideration, subject to the relevant agreement.

The following sets forth the projects with concession agreements entered under these models as of the Latest Practicable Date:

Project name	Granting authority	Operation model	Concession term	Handover method
Projects at our Changsha Environmental Protection Industrial Park				
– *Changsha Waste-to-Energy Incineration Project (Phase I)*	Changsha City Government	BOT	2014 – 2042	Free transfer upon expiration
– *Changsha Waste-to-Energy Incineration Project (Phase II)*	Changsha City Government	BOT	2019 – 2048	Free transfer upon expiration

Project name	Granting authority	Operation model	Concession term	Handover method
– *Sludge treatment project*	Changsha City Government	BOT	2006[3] – 2031	Free transfer upon expiration
– *Leachate treatment project*	Changsha City Government	BOT	2006[3] – 2031	Free transfer upon expiration
– *Fly ash treatment project*	Changsha City Government	BOT	2019 – 2049	Free transfer upon expiration
– *Changsha Landfill project*	Changsha City Government	TOT	2006[3] – 2031	Free transfer upon expiration
Project in Liuyang				
– *Liuyang Waste-to-Energy Incineration Project*	Liuyang City Government	BOT	2023 – 2053	Free transfer upon expiration
– *Liuyang fly ash treatment project*	Liuyang City Government	BOT	2025 – 2053	Free transfer upon expiration
Projects in Pingjiang				
– *Pingjiang Waste-to-Energy Incineration Project*[1]	Pingjiang County Government	BOT	2023 – 2053	Free transfer upon expiration
– *Pingjiang Landfill Project*	Pingjiang County Government	TOT	2012 – 2037	Free transfer upon expiration
– *Pingjiang fly ash treatment project*	Pingjiang County Government	BOT	2026 – 2053	Free transfer upon expiration
Changsha Food Waste Project	Changsha City Government	BOO	2012 – 2037	Self-disposal upon expiration
Changsha Transfer Project				
– *Household waste interim treatment project*	Changsha City Government	BOOT	2005[3] – 2030	Grantor's option to purchase with appraised value upon expiration
– *Sewage treatment project*	Changsha City Government	BOT	2014 – 2030	Free transfer upon expiration
Bishkek Project				
– *Phase I*	Bishkek City Government, Kyrgyzstan	BOO	2024 – 2059	Negotiated upon expiration
Wangcheng District Waste Transfer Project[2]	Wangcheng District Government, Changsha City	BOT	30 years[2]	Free transfer upon expiration
Osh City Project	Osh City Government, Kyrgyzstan	BOT	2026 – 2061	Free transfer upon expiration
Projects in Issyk-Kul				
– *Project in Karakol, Issyk-Kul*	Issyk-Kul Region Government, Kyrgyzstan	BOO	2026 – 2061	Negotiated upon expiration
– *Project in Balykchy, Issyk-Kul*	Issyk-Kul Region Government, Kyrgyzstan	BOO	35 years	Negotiated upon expiration

Notes:

1. This project also comprised sludge and food waste treatment capacities of 60 tons and 50 tons per day, respectively.

2. These projects, while having concession agreements entered, had not commenced the necessary planning or construction as they may be still in their preliminary stages.

3. Certain of our projects have concession periods commencing prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholders, Renhe or their related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.

BOT

The BOT model refers to a project delivery method in which a government authority or original asset owner grants a private enterprise the concession rights to finance, design, construct, operate, and maintain infrastructure for a defined period. During the concession term, the enterprise recovers its investment and earns a reasonable return by charging service fees or user tariffs. Upon expiry of the concession period, the ownership and operational rights of the facility are transferred back to the government or original owner. This is the predominant model employed by us and is widely used across many of our projects. We believe that this BOT model allows us to combine public oversight with private sector efficiency, ensuring high-quality infrastructure delivery while maintaining alignment with public service objectives. It can also provide a structured framework for long-term investment recovery and performance accountability.

Below are certain key terms under our BOT contracts with our government customers:

Duration:	For BOT contracts, the concession period is about 25 to 30 years.
Construction of facilities and land use right:	These agreements would typically include a construction deadline. We would be responsible for financing, designing, and building the facilities, with actual construction timelines varying by location and project type. The government may assist in securing land use rights, construction permits, and other necessary approvals to facilitate project development.
Government support:	Certain agreements with local governments may outline the fee structure for our services. These agreements may also include commitments from the government to support the establishment of certain facilities, facilitate grid connection, assist in securing electricity offtake agreements with local power grid companies, and also maybe support the construction of water supply infrastructure.
Termination:	The local government may terminate concession or investment agreements under certain conditions, which can vary by project. Throughout the Track Record Period and up to the Latest Practicable Date, we have remained in material compliance with all relevant terms of our concession and investment agreements. As of the Latest Practicable Date, we have not received any notice from local government partners indicating any material breach that could lead to termination of these agreements.
Arrangement at the end of the concession period: . . .	At the end of the concession period, the grantor will open the concession for public tender. In such tender process, we may be afforded priority in the evaluation process where competing bids are on substantially similar terms. Such priority is not absolute and remains subject to the government's obligation to consider more competitive proposals. Should another party wins the tender, ownership may be transferred at nil as stipulated in the agreement. BOT concession agreements may impose on us additional requirements in relation to the transfer of ownership of the BOT facilities to the local government.

TOT

The TOT model is a project structure in which the government or original asset owner transfers the operational rights or limited-term ownership of an already constructed facility to a private enterprise. The enterprise is responsible for operating and maintaining the facility during the concession period, during which it recoups its investment and earns a return. At the end of the term, the facility is returned to the government or original owner. We believe that this model is particularly effective for revitalizing underutilized or legacy infrastructure. It enables us to bring in

operational expertise, upgrade systems where necessary, and optimize performance without the need for new construction. The TOT model also allows for rapid deployment of services and efficient use of existing public assets, while ensuring that long-term control remains with the public sector.

Below are certain key terms under our TOT contracts with our government customers:

Duration:	For TOT contracts, the period is about 25 to 30 years.
Government support:	The local government or original asset owner would typically transfer the operational rights or limited-term ownership of an already constructed facility to a private enterprise.
Termination:	The local government may terminate concession or investment agreements under certain conditions, which can vary by project. Throughout the Track Record Period and up to the Latest Practicable Date, we have remained in material compliance with all relevant terms of our concession and investment agreements. As of the Latest Practicable Date, we have not received any notice from local government partners indicating any material breach that could lead to termination of these agreements.
Arrangement at the end of the concession period:	At the end of the concession period, the grantor will open the concession for public tender. In such tender process, we may be afforded priority in the evaluation process where competing bids are on substantially similar terms. Such priority is not absolute and remains subject to the government's obligation to consider more competitive proposals. Should another party wins the tender, ownership may be transferred at nil consideration, as stipulated in the agreement. TOT concession agreements may impose on us additional requirements in relation to the transfer of ownership of the TOT facilities to the local government at the end of the concession period.

BOOT

The BOOT model is a project delivery framework in which the private enterprise is responsible for financing, designing, constructing, owning, and operating the infrastructure for a specified concession period. Ownership is retained by the enterprise throughout the term, and the facility is transferred to the government at the end of the concession. We believe that this model grants us full control over the asset during its operational life, allowing for greater flexibility in design, technology integration, and performance optimization. It also enables us to align long-term operational strategies with asset lifecycle planning. The BOOT model is particularly suitable for projects that require significant upfront investment and long-term operational stability, while still ensuring eventual public ownership.

Below are certain key terms under our BOOT contracts with our government customers:

Duration:	For BOOT contracts, the concession period is about 25 to 30 years.
Construction of facilities and land use right:	These agreements typically specify a construction deadline and we would be responsible for financing, designing, and building the facilities, with actual construction timelines varying by location and project type. The government may assist in securing land use rights, construction permits, and other necessary approvals to facilitate project development.

Government support:	Certain agreements with local governments may outline the fee structure for our services. These agreements may also include commitments from the government to support the establishment of collection, transportation, and storage systems, facilitate grid connection, assist in securing electricity offtake agreements with local power grid companies, and support the construction of water supply infrastructure.
Termination:	The local government may terminate concession or investment agreements under certain conditions, which can vary by project. Throughout the Track Record Period and up to the Latest Practicable Date, we have remained in material compliance with all relevant terms of our concession and investment agreements. As of the Latest Practicable Date, we have not received any notice from local government partners indicating any material breach that could lead to termination of these agreements.
Arrangement at the end of the concession period: . . .	At the end of the concession period, the grantor will open the concession for public tender. In such tender process, we may be afforded priority in the evaluation process where competing bids are on substantially similar terms. Such priority is not absolute and remains subject to the government's obligation to consider more competitive proposals. Should another party wins the tender, ownership may be transferred at an appraised value and upon negotiation, as stipulated in the agreement. BOOT concession agreements may impose on us additional requirements in relation to the transfer of ownership of the BOOT facilities to the local government at the end of the concession period.

BOO

The BOO model is a fully private project structure in which the enterprise is responsible for the entire lifecycle of the infrastructure, from investment and design to construction, ownership, operation, and maintenance, without any obligation to transfer the asset back to the government. Under this model, the project company is responsible for designing, financing, constructing, operating and managing the project. Our management and key technicians are actively involved in each step, assuring a high level of business efficiency and regulatory compliance throughout our operations. During the operating period, the project company owns and operates the facility independently and retains all operation revenue. Under the BOO model, we obtain the ownership of the relevant facilities developed and operated by us. The relevant central or local government authorities may offer financial incentives for BOO projects, such as preferential on-grid tariffs, mandatory electricity offtake, tax exemptions and refunds, and governmental subsidies. We believe that this BOO model is ideal for projects that demand continuous innovation, frequent upgrades, and long-term operational autonomy. It allows us to retain full control over the asset, enabling rapid adaptation to technological advancements and evolving regulatory requirements.

Below are certain key terms under our BOO contracts with our government customers:

Duration:	For BOO contracts, the concession period is about 25 to 35 years.
Construction of facilities and land use right:	These agreements would typically specify a construction deadline. We would usually be responsible for financing, designing, and building the facilities, with actual construction timelines varying by location and project type. The government may assist in securing land use rights, construction permits, and other necessary approvals to facilitate project development.
Government support:	Certain agreements with local governments may outline the fee structure for our services. These agreements may also include commitments from the government to support the establishment of collection, transportation, and storage systems, facilitate grid connection, assist in securing electricity offtake agreements with local power grid companies, and support the construction of water supply infrastructure.
Termination:	The local government may terminate concession or investment agreements under certain conditions, which can vary by project. Throughout the Track Record Period and up to the Latest Practicable Date, we have remained in material compliance with all relevant terms of our concession and investment agreements. As of the Latest Practicable Date, we have not received any notice from local government partners indicating any material breach that could lead to termination of these agreements.
Arrangement at the end of the concession period:	For our BOO projects, we will retain the ownership of the relevant facilities developed and operated by us. However, the continuation of our operational rights is not automatic. Upon expiry of the concession period, the government would ordinarily initiate a new tender process for the operational rights, in which we may be required to participate on competitive terms. As such, our operational control remains subject to market competition and regulatory oversight, rather than being guaranteed solely by virtue of our ownership. Our BOO projects are not accounted for as service concession arrangements under IFRIC 12, as the government is unable to control any residual interest of relevant facilities.

The following table sets forth a breakdown of the number of projects in operation and the corresponding contract and revenue contribution by source of project for the periods indicated:

	For the years ended December 31,						For the three months ended March 31,	
	2023		2024		2025		2026	
	No. of projects	Revenue	No. of projects	Revenue	No. of projects	Revenue	No. of projects	Revenue
		(RMB'000)		*(RMB'000)*		*(RMB'000)*		*(RMB'000)*
Direct negotiation.	8	1,551,902	10	1,890,173	12	2,188,151	12	597,666
Public tender . .	1	284,712	2	520,682	2	542,557	2	138,687
Total	**9**	**1,836,614**	**12**	**2,410,855**	**14**	**2,730,708**	**14**	**736,353**

Project lifecycle

The following illustrates the typical lifecycle of our projects:

Stage 1	Stage 2	Stage 3	Stage 4
a. Initiative from government through negotiations or public tender b. Budgeting and proposal review c. Project acquisition and negotiation d. Funding and capital structure Typical time required: Dependent on the laws and regulations of the country in which the project is located	a. Obtain approval and proceed with construction (not applicable to TOT projects) b. Trial operations and operational readiness Typical time required: 24 months	a. Project operations and maintenance b. Facility-specific practices Typical time required: The span of the concession	a. Project transfer (not applicable for BOO projects) Typical time required: Until the end of the concession period

1a. Initiative from government through negotiations or public tender

The starting point of a project, typically begins with a government initiative either though investment procedures, or via public tender. The government would conduct certain preliminary work, such as acquiring the land rights, conducting early stage feasibility studies, and devising the technical specifications of the new project in alignment with its goals.

Should such information become available to us either via public tender, or through direct communications or invitation to tender, we will then conduct an internal assessment to evaluate a potential project's economic viability and environmental impact. Key considerations include resource availability, applicable on-grid tariffs, transportation logistics, zoning and planning conditions, government and community relationships, construction costs, projected revenue, and overall profitability. For waste-to-energy and waste treatment projects, we prioritize regions with strong industrial activity or environmental challenges, where government support is typically more robust.

During the Track Record Period, certain procedural irregularities occurred in the tender stage of the concession grant process for the Changsha Landfill Project, the Pingjiang Landfill Project and the Changsha Transfer Project. These irregularities relate solely to administrative steps taken by the tenderee during the original tender process and do not affect the legality or validity of the concession agreements, which remain in full force and effect. Our PRC Legal Advisor considers that, although procedural irregularities were present, they do not materially increase the risk of termination of the concession agreements. This view is based on (i) the written confirmations from each concession grantor stating that the concession rights do not contravene any mandatory provisions of laws or administrative regulations, are valid and effective, free from defects or disputes, and that the concession agreements have been duly performed without any termination triggered by breach or non-performance; (ii) the operational history of these projects, with concessions granted in 2004 for the Changsha Transfer Project, 2006 for the Changsha Landfill Project and 2012 for the Pingjiang Landfill Project, where the facilities within the concession scope have been constructed and operating for many years, and continuous operation serves the public interest; (iii) the uninterrupted performance of these concession agreements up to the Latest Practicable Date, where all projects have operated without interruption, no grantor has raised objections or alleged breach, and no administrative penalties have been imposed; and (iv) the confirmations from each grantor that there are no disputes regarding the acquisition or performance of the concessions and, provided the company complies with the agreements and fulfils its obligations, the grantors will not unilaterally terminate the agreements. Nevertheless, to ensure continued validity of the concession agreements and prevent early termination due to its own fault, the company has adopted measures including (i) strict compliance with technical standards, laws, regulations and supervisory requirements during construction and operation, alongside enhanced environmental protection and safety management; (ii) strengthened communication with grantors to monitor regulatory developments and ensure contractual compliance; and (iii) close monitoring of industry policy trends and timely response to policy changes.

1b. Budgeting and proposal review

Once a project is identified, we initiate a detailed budgeting process by studying project specifications, such as expected power output, waste treatment capacity, and site location, from the local government. Based on these inputs, we would prepare a technical plan and estimates on the total construction costs, including land, buildings, equipment, labor, and ancillary expenses. We would then adjust financial assumptions, such as interest rates, and forecasts project returns based on expected tariffs, treatment fees, and raw material costs. These projections are discounted to present value to calculate the internal rate of return.

1c. Project acquisition and negotiation

As of the Latest Practicable Date, a majority of our projects were secured through local government procedures, including direct negotiations with the local governments or through public tender. In relation to direct negotiations, the government issues internal approval documents, such as requests concerning the construction and future operation of the project, and matters related to investment and management for their review. On the other hand, the public tender process typically begins with a public bidding phase, including online announcements and auction materials, followed by a qualification review to assess the eligibility of potential bidders. Once qualified, bidders receive formal invitations and submit their proposals, which are evaluated based on tender documents issued by the government. The successful bidder is then notified through an official award notice.

1d. Funding and capital structure

We are responsible for securing financing for the development and construction of our BOT, BOO and BOOT projects. During the Track Record Period, we financed our projects through a combination of internal resources and loans. For details of our funding and capital structure, please see the section headed "Financial Information — Capital expenditure" in this Document.

2a. Obtain approval and proceed with construction

Before construction begins, each project must obtain a series of regulatory approvals, including feasibility assessments, environmental impact evaluations, land planning and use permits, construction planning approvals, and permits to commence construction. Local governments generally assist in securing these approvals. Prior to commercial operation, projects must pass completion inspections, obtain construction completion certificates, and complete environmental and fire safety acceptance procedures. Additional licenses, such as electricity generation and operation permits, must also be secured before operations can officially begin. We will oversee the entire construction process, ensuring safety, quality, progress, and cost control. This team is responsible for selecting independent contractors and equipment suppliers, implementing centralized procurement policies, and managing the installation and testing of systems. We would engage third-party contractors for design, construction, and supervision, while equipment suppliers handle manufacturing, delivery, and commissioning. Government authorities may conduct inspections and audits throughout the construction phase to ensure compliance with regulatory and quality standards.

According to our PRC Legal Advisor, as of the Latest Practicable Date, our Group had obtained all necessary regulatory approvals prior to the commencement of construction for each of its projects. The key regulatory approvals required before construction typically include project approval documents, environmental impact assessment approval documents, land use planning permits, construction project planning permits, and construction permits. Except for projects where construction has not yet commenced, we have obtained such approvals prior to the start of construction of all of our projects.

It is important to note that the construction and commissioning stages described above do not apply to TOT projects. These facilities are already built and transferred to us in operational condition, allowing us to focus solely on operation and maintenance without the need for initial development or construction activities.

2b. Trial operations and operational readiness

Once construction and equipment installation are complete, we conduct trial operations to evaluate performance against environmental, technical, and capacity benchmarks outlined in the concession or investment agreements. During this phase, we also recruit and train operational staff, establish standard operating procedures, and prepare documentation. If the facility meets all performance and compliance requirements, commercial operations commence upon receipt of the final approvals and licenses. Revenue may be recorded during the trial operation period.

3a. Project operation and maintenance

We operate and maintain our facilities in accordance with the technical specifications of the equipment and the operational requirements of each project. Our approach emphasizes safety, reliability, and compliance with regulatory standards. We engage third-party service providers to perform routine inspections, monitoring, and maintenance of critical systems. In addition to regular upkeep, we plan and execute major overhauls and technical upgrades as needed to ensure long-term operational stability. These activities are scheduled based on equipment condition and performance trends, and are funded directly by us as part of our ongoing commitment to asset integrity.

3b. Facility-specific practices

For clean waste-to-energy facilities, we implement continuous monitoring systems and conduct regular maintenance on core components such as incinerators, boilers, turbines, and emission control units. Predictive overhauls may also be initiated when monitoring data indicates potential issues, and targeted repairs are carried out promptly in the event of unexpected failures or damage. Maintenance is typically performed on specific equipment components when faults occur or when they reach the end of their service life, allowing for continued operation with minimal disruption. Across all facilities, we ensure that emissions and discharges remain within permitted limits through periodic inspections, system upgrades, and adherence to regulatory standards.

4a. Facility transfer obligations

Under our BOT project agreements, we are contractually obligated to transfer the completed facilities to the local government at the end of the concession period. This transfer must occur with the facilities in proper working condition, and we are also required to provide operational manuals, technical documentation, and training to ensure a smooth handover. For BOOT projects, the structure is similar, but with the added element of ownership of facilities during the concession period. We retain full ownership and operational control throughout the term, and upon expiration, the government has the option to obtain ownership of the facilities with an appraised value, typically also under terms that include technical support and documentation. The BOOT model allows us to optimize operations during the lifecycle of the project while preparing for eventual transfer. In the case of TOT projects, the facilities are already constructed and transferred to us at the outset. We are responsible for operating and maintaining them during the agreed period, after which they are returned to the government. While we do not build these facilities, we are still required to ensure they are returned in good condition, often with restoration, replacement and maintenance made during our operational tenure.

In contrast, under the BOO model, we retain full ownership and control of the facilities indefinitely, with no obligation to transfer them to the government. This model is typically used for projects where long-term operational autonomy and asset control are critical to performance and innovation.

CUSTOMERS, PRICING, AND COMPETITION

Our major customers

Our sales to the five largest customers in each year/period during the Track Record Period amounted to RMB1,832.1 million, RMB2,334.5 million, RMB2,521.9 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 year/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 periods, respectively. During the Track Record Period, such customers mainly comprise municipal government agencies and state electricity grid authorities.

The following table sets forth details of our five largest customers during the year ended December 31, 2023:

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major services provided by our Group	Credit period (contractual)[6]	Payment method
	RMB'000	*%*				
Customer A[1]	778,483	42.4	2006[7]	Waste-to-energy incineration	30 days	Bank transfer
Customer B[2]	698,230	38.0	2017	Sales of electricity	30 days	Bank transfer and bills
Customer C[3]	284,712	15.5	2023	Construction services	30 days	Bank transfer
Customer D[4]	51,729	2.8	2012	Landfill and construction services	30 days	Bank transfer
Customer E[5]	18,975	1.0	2020	Landfill and construction services	15 days	Bank transfer
Total	**1,832,129**	**99.7**				

Notes:

1. Customer A is a municipal government agency located in Changsha, Hunan Province, responsible for urban infrastructure, sanitation, and city appearance management. It oversees public services such as waste collection, street maintenance, and environmental enforcement.

2. Customer B is a state electricity corporation headquartered in Changsha. It manages power transmission, distribution, and grid operations across Hunan Province, serving millions of residential and industrial users.

3. Customer C is a municipal department under the Liuyang City Government in Hunan Province. It is responsible for urban sanitation, municipal infrastructure, and law enforcement related to city management.

4. Customer D is a county-level government department in Pingjiang County, Hunan Province. It handles urban planning enforcement, sanitation, and municipal facility oversight within the county jurisdiction.

5. Customer E is a company that is based in Hunan which specializes in water supply, wastewater treatment, and environmental infrastructure investment. It plays a key role in regional water environment improvement projects.

6. Notwithstanding that our contractual credit term is generally 30 days, our trade receivable turnover days may substantially exceed such credit term as a result of prevailing settlement practices in the waste-to-energy industry. The actual settlement of service fees by our government customers follows a budgetary process and our trade receivables turnover days were 137.5 to 242.5 days during the Track Record Period, and renewable energy tariff subsidies are settled upon central disbursement. According to F&S, trade receivables of waste-to-energy operators typically comprise service fees receivable from local governments and renewable energy tariff subsidies settled through grid companies, and the settlement of service fees by local governments may extend beyond 180 days due to government budgetary policies and fiscal arrangements, while renewable energy tariff subsidies may also remain outstanding for over 180 days due to the relevant settlement and fund allocation process. Our settlement pattern is consistent with industry norms. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position of Our Group — Prepayment, trade and other receivables."

7. Our relationship with Customer A commenced prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholders, or their related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.

The following table sets forth details of our five largest customers during the year ended December 31, 2024:

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major services provided by our Group	Credit period (contractual)[1]	Payment method
	RMB'000	*%*				
Customer A . . .	819,075	34.0	2006[2]	Waste-to-energy incineration, waste treatment	30 days	Bank transfer
Customer B . . .	685,278	28.4	2017	Sales of electricity	30 days	Bank transfer and bills
Customer C . . .	484,946	20.1	2023	Construction services	30 days	Bank transfer
Customer D . . .	330,174	13.7	2012	Waste-to-energy incineration, landfill and construction services	30 days	Bank transfer
Customer E . . .	15,038	0.6	2020	Sludge treatment	15 days	Bank transfer
Total	**2,334,511**	**96.8**				

Notes:

1. Notwithstanding that our contractual credit term is generally 30 days, our trade receivable turnover days may substantially exceed such credit term as a result of prevailing settlement practices in the waste-to-energy industry. The actual settlement of service fees by our government customers follows a budgetary process and our trade receivables turnover days were 137.5 to 242.5 days during the Track Record Period, and renewable energy tariff subsidies are settled upon central disbursement. According to F&S, trade receivables of waste-to-energy operators typically comprise service fees receivable from local governments and renewable energy tariff subsidies settled through grid companies, and the settlement of service fees by local governments may extend beyond 180 days due to government budgetary policies and fiscal arrangements, while renewable energy tariff subsidies may also remain outstanding for over 180 days due to the relevant settlement and fund allocation process. Our settlement pattern is consistent with industry norms. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position of Our Group — Prepayment, trade and other receivables."

2. Our relationship with Customer A commenced prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholders or their related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.

The following table sets forth details of our five largest customers during the year ended December 31, 2025:

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major services provided by our Group	Credit period (contractual)[3]	Payment method
	RMB'000	*%*				
Customer A . . .	1,432,609	52.5	2006[4]	Waste-to-energy incineration and waste treatment	30 days	Bank transfer
Customer B . . .	829,264	30.4	2017	Sales of electricity	30 days	Bank transfer and bills
Customer F[1] . .	95,043	3.5	2024	Sales of industry-grade mixed oil	Prepayment	Bank transfer
Customer C . . .	92,340	3.4	2023	Waste-to-energy incineration, waste treatment and construction services	30 days	Bank transfer
Customer G[2] . .	72,649	2.7	2024	Sales of industry-grade mixed oil	Prepayment	Bank transfer
Total	**2,521,905**	**92.5**				

Notes:

1. Customer F is a company based in Jiangsu province that focuses on the R&D of technologies for the comprehensive utilization of waste oils, acquisition of waste oils, production of industrial oils and fractionated fatty acid monomers, fatty acid methyl esters from waste oils, and sales of the above products.

2. Customer G is a company based in Jiangsu province that focuses on the treatment and resource recovery of household waste.

3. Notwithstanding that our contractual credit term is generally 30 days, our trade receivable turnover days may substantially exceed such credit term as a result of prevailing settlement practices in the waste-to-energy industry. The actual settlement of service fees by our government customers follows a budgetary process and our trade receivables turnover days were 137.5 to 242.5 days during the Track Record Period, and renewable energy tariff subsidies are settled upon central disbursement. According to F&S, trade receivables of waste-to-energy operators typically comprise service fees receivable from local governments and renewable energy tariff subsidies settled through grid companies, and the settlement of service fees by local governments may extend beyond 180 days due to government budgetary policies and fiscal arrangements, while renewable energy tariff subsidies may also remain outstanding for over 180 days due to the relevant settlement and fund allocation process. Our settlement pattern is consistent with industry norms. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position of Our Group — Prepayment, trade and other receivables."

4. Our relationship with Customer A commenced prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholder or its related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.

The following table sets forth details of our five largest customers during the three months ended March 31, 2026:

Customer	Revenue	Percentage of total revenue of our Group	Business relationship since	Major services provided by our Group	Credit period (contractual)[2]	Payment method
	RMB'000	*%*				
Customer A . . .	368,190	50.0	2006[3]	Waste-to-energy incineration, waste treatment	30 days	Bank transfer
Customer B . . .	222,466	30.2	2017	Sales of electricity	30 days	Bank transfer and bills
Customer C . . .	29,538	4.0	2023	Construction services	30 days	Bank transfer
Customer H[1] . .	24,498	3.3	2025	Sales of electricity	30 days	Bank transfer
Customer F . . .	23,118	3.1	2024	Sales of industry-grade mixed oil	Prepayment	Bank transfer
Total	**667,810**	**90.6**				

Note:

1. Customer H is a state-owned company in the Kyrgyz Republic, primarily engaged in the supply and sale of electricity.

2. Notwithstanding that our contractual credit term is generally 30 days, our trade receivable turnover days may substantially exceed such credit term as a result of prevailing settlement practices in the waste-to-energy industry. The actual settlement of service fees by our government customers follows a budgetary process and our trade receivables turnover days were 137.5 to 242.5 days during the Track Record Period, and renewable energy tariff subsidies are settled upon central disbursement. According to F&S, trade receivables of waste-to-energy operators typically comprise service fees receivable from local governments and renewable energy tariff subsidies settled through grid companies, and the settlement of service fees by local governments may extend beyond 180 days due to government budgetary policies and fiscal arrangements, while renewable energy tariff subsidies may also remain outstanding for over 180 days due to the relevant settlement and fund allocation process. Our settlement pattern is consistent with industry norms. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position of Our Group — Prepayment, trade and other receivables,"

3. Our relationship with Customer A commenced prior to the establishment of our Company in September 2011. The relevant agreements were initially entered into with the government authorities by our Controlling Shareholders or their related entities, and our Company subsequently carried out modification and upgrade works for the relevant facilities and assumed the obligations and benefits under such agreements.

Our Directors confirm that, as of the Latest Practicable Date, the five largest customers of our Group during each year of the Track Record Period were all Independent Third Parties and, during the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our Shareholders, to the knowledge of our Directors, owned more than 5% of our issued Shares, had any interest in any of such customers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our customers.

Relationship with our largest customers during the Track Record Period

Customer A, an independent third party and a local government department in PRC, has been a key strategic partner of our Group since the inception of our business relationship in 2006, when we entered into a service concession agreement to provide waste treatment services to the locality. During the Track Record Period, Customer A was our largest customer, with revenue contributions of 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 respective periods. These revenues were primarily derived from our projects executed under long-term concession agreements with Customer A.

Our relationship with Customer A is defined by mutual dependence and strategic collaboration. The nature of service concession arrangements inherently fosters long-term engagement, as these projects involve substantial capital investment, regulatory coordination, and infrastructure development. As of the Latest Practicable Date, we had nine concession agreements entered with Customer A, with durations of 16 years, 25 years, 25 years, 25 years, 25 years, 25 years, 28 years, 30 years, and 30 years with corresponding remaining durations of approximately 3.6 years, 3.6 years, 4.8 years, 4.8 years, 4.8 years, 10.8 years, 16.2 years, 22.3 years and 22.4 years, respectively. Once a project is initiated, both parties are contractually and operationally committed to its success. For the local government, withdrawing from such a project would not only disrupt essential public services but also entail significant financial and reputational costs. For our Group, the long-term nature of these agreements ensures revenue visibility and operational stability. This mutual reliance creates a foundation of trust and continuity that is not easily altered.

While we acknowledge that any material change in our relationship with Customer A could have a significant impact on our operations, we have proactively adopted a dual strategy to mitigate customer concentration risk. This strategy involves maintaining Customer A as an anchor client while simultaneously expanding our customer base across multiple regions and sectors. By diversifying our portfolio of clients, we aim to reduce dependency on any single customer and enhance our resilience to potential disruptions. Our Directors believe that the likelihood of significant adverse changes or termination of our relationship with Customer A is low. This assessment is based on several factors, including the long-standing trust between the parties, the contractual obligations under existing concession agreements, and the mutual benefits derived from the continued success of our projects. These factors collectively support the view that our partnership with Customer A will remain stable and enduring.

On the other hand, Customer B, an independent third party and a state-grid electricity corporation in the PRC, has been a stable and long-standing customer of our Group since 2017. During the Track Record Period, revenue contributions from Customer B amounted to RMB698.2 million, RMB685.3 million, RMB829.3 million and RMB222.5 million, representing 38.0%, 28.4%, 30.4%, and 30.2% of our total revenue for the respective periods. Our relationship with Customer B is governed by annually renewed agreements, which have consistently been executed without any material hurdles or disruptions. Our agreement with Customer B does not contain any provisions for automatic renewal or related conditions. However, pursuant to the "Measures for the Supervision of Guaranteed Purchase of Renewable Energy Power", grid enterprises are required to coordinate with relevant power market participants to ensure the consumption of guaranteed purchase volumes from renewable energy generation projects. Where the parties involved in grid connection for renewable energy generation fail to reach an agreement, thereby affecting the normal consumption of renewable energy power, the power regulatory authority shall intervene to coordinate; if coordination fails, the authority shall make a determination in accordance with applicable regulations. We also confirm that our agreements with Customer B are conducted on normal commercial terms and reflect a high level of operational continuity and mutual understanding.

Importantly, our obligation to supply electricity to Customer B is also anchored in our service concession agreement with Customer A, as the on-grid electricity that we generate through waste-to-energy incineration under our agreement with Customer A is supplied to Customer B. We believe that this framework reinforces the stability of our engagement with Customer B, as it is both directly and indirectly supported by institutional commitments. While Customer B does not operate under a concession agreement or any long-term agreements with our Group, the nature of our relationship remains highly dependable. Moreover, under our agreement with Customer B, if our waste-to-energy incineration project is procured through a concession-based tender, the corresponding concession agreement must have entered into effect as a precondition. The annual

renewal of agreements since 2017 demonstrates a pattern of trust and reliability. The absence of such types of arrangements does not diminish the strategic importance of Customer B, particularly given the essential nature of electricity supply and the regulatory oversight involved.

Our Directors believe that the likelihood of any material adverse change in our relationship with Customer B is low. This assessment is based on several factors, including the enduring contractual history, the operational obligations stemming from our concession agreement with Customer A, and the critical public utility role played by Customer B. These elements collectively contribute to a stable and predictable business environment.

Our Directors confirm that all transactions with Customers A and Customers B during the Track Record Period were conducted on normal commercial terms. The enduring nature of our collaboration reflects a high level of mutual confidence and institutional alignment. The long-term commitment embedded in our agreements underscores the reliability and credibility of both parties, contributing to a stable and predictable business environment.

Pricing and payment

We regularly review our operating costs and prevailing market conditions to ensure that our pricing remains competitive, cost-reflective, and compliant with applicable regulations. This process allows us to make timely adjustments to our rates so that we can maintain financial sustainability and operational efficiency. Furthermore, follow a standard practice of requesting payment promptly while granting a credit period of 15 to 30 days. The length of this credit period depends on factors such as the customer's background, reputation within the industry, payment history, creditworthiness, and the duration of our business relationship. Although our trade receivables turnover days exceeded such credit period during the Track Record Period due to government budgetary policies and fiscal appropriation arrangements, which is consistent with industry norms according to F&S, we consider our exposure to credit or payment collection risks to be manageable, as our customers primarily comprise government departments and state-owned enterprises with strong credit profiles, and they have continued to settle amounts past due, with substantially all of our trade receivables aged over one year settled within the following year. For our collection process, the difficulties encountered and the basis of this view, see "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position of Our Group — Prepayment, trade and other receivables."

In relation to our revenue from the sale of electricity, tariffs are based on fixed rates determined by government-published feed-in tariff schedules and renewable energy policies applicable to waste-to-energy projects. These rates reflect national or provincial standards for renewable energy generation and incorporate adjustments for policy-driven changes, such as updates to renewable energy subsidies or grid connection charges. Moreover, we closely monitor regulatory announcements to ensure timely compliance with any revisions to tariff structures.

As for revenue derived from waste treatment services, our pricing approach varies according to the nature of the service. For waste incineration, rates are reviewed every three to five years, and adjustments take into account changes in operating costs, including fuel, chemicals, and labor, as well as compliance with updated environmental standards, tax policy changes, and inflation. In addition, benchmarking against similar projects in the region and guidance issued by government authorities on waste disposal fees informs our rate-setting process. With respect to sludge treatment, fees are set for a defined contractual period and are subject to government audits. These audits typically examine cost components such as energy consumption, chemical usage, labor costs, and compliance with discharge standards. If the audited rate is lower than the current standard, the revised rate applies, and adjustments also consider inflation and contractual references. Similarly, sewage and leachate treatment fees are calculated based on output volume and transport distance, with adjustments occurring every three years to reflect changes in material costs, electricity tariffs, labor expenses, and any regulatory updates on wastewater treatment standards. For food waste treatment, fees include a base amount with annual adjustments linked to consumer price indices and tax changes, while reviews also consider changes in operating costs and any new environmental compliance requirements. Furthermore, fly ash treatment fees depend on actual output relative to a design baseline, with different rates applied for overproduction or underproduction. Adjustments every three years reflect cost changes, tax updates, and any new safety or disposal regulations. Lastly, landfill service fees are generally fixed under long-term agreements, as landfill operations are stable and subject to strict government oversight. In addition, for household waste interim treatment and transfer services, fees are determined by contract and reviewed annually through

financial assessments. These assessments typically cover cost structures such as transport, handling, and labor, as well as market benchmarks and compliance with municipal waste management policies. Similarly, food waste collection fees are contract-based and reviewed every one to three years, with financial assessments considering fuel costs, vehicle maintenance, labor, and inflation. Revenue from the sale of industrial-grade mixed oil is priced through competitive bidding, with contracts signed per batch. Bidding reflects prevailing market prices for recycled oil products and quality specifications.

Finally, government audits generally focus on verifying actual operating costs, including energy consumption, chemical usage, labor expenses, and compliance with environmental discharge standards. Financial assessments for contract reviews typically evaluate cost structures, inflationary trends, market benchmarks, and adherence to municipal waste management policies. These processes collectively ensure that our pricing remains fair, transparent, and aligned with both regulatory requirements and market practices.

Market competition

According to F&S, China's green energy and environmental services, and resource utilization sectors are undergoing major transformation, driven by national policy, innovation, and changing market needs. With the introduction of the Dual Carbon goals and the Zero Waste City initiative, the industry is moving from fragmented treatment models to integrated systems that handle multiple waste streams. This shift improves efficiency and creates new value through the combined treatment of household waste, food waste, sludge, sewage and leachate. Our company is well-positioned in this evolving landscape, having adopted a vertically integrated model that spans interim treatment and transfer, waste treatment, waste-to-energy incineration, and resource utilization. Our ability to maintain stable operations and generate diverse revenue from electricity, industrial-grade mixed oil, and thermal energy strengthens both resilience and profitability. In terms of market competition, according to F&S, our Changsha Environmental Protection Industrial Park, in which our main operations are situated, is among the largest integrated environmental parks in the industry in China, in terms of project scale. We are also the only company in the solid waste sector to receive two Luban Prizes within the same industrial park. For further details, please see the section headed "Industry Overview" in this Document.

RESEARCH AND DEVELOPMENT

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 plan to maintain high levels of investment to ensure continuous innovation and enhance our core competitiveness. We collaborate with leading suppliers and academic institutions such as Hunan University, jointly developing core technologies that address key industry challenges. Since establishing our R&D center, we have recruited top-tier talent from leading universities to conduct R&D in integrated waste treatment and resource utilization. We have built a highly capable team with strong problem-solving abilities.

Our technologies

We strive to integrate various technologies and equipment, tailoring them to address challenges in our operations. In particular:

- ***Waste-to-energy incineration:*** Our Changsha Waste-to-Energy Incineration Project (phases I and II) adopted technologies such as digital twin systems for waste pits, thermal system efficiency, boiler waste heat recovery, anti-corrosion and capacity enhancement, and busbar current balancing. These innovations have resulted in proprietary intellectual property with high application value. We have also optimized sludge drying and conveying systems to improve mixing uniformity and system stability, increasing the sludge co-incineration ratio while minimizing the environmental impacts of boilers and flue gas treatment.

- ***Sludge treatment:*** Our sludge treatment technologies are among the first of their kind in China and are characterized by high efficiency, energy savings, and environmental benefits. We have automated sludge unloading, developed flexible treatment processes for filtrates, and implemented comprehensive odor control systems using chemical and biological deodorization methods.

- ***Household waste interim treatment, compression, and transfer:*** To mitigate odor emissions during waste transfer, we have implemented fully enclosed systems, negative pressure collection, advanced deodorization technologies, and upgraded in-station spray systems. We have also optimized the structure and reduced the weight of box-type transfer vehicles using new materials, improving corrosion resistance, increasing load capacity, reducing energy consumption and transport costs, and extending vehicle lifespan.

- ***Food waste treatment:*** We have developed a complete process and management model for food waste treatment, including impurity separation, high oil recovery, high-value solid residue conversion, and pollution mitigation. Our full-chain technologies cover pre-treatment, anaerobic fermentation, biogas power generation, and waste heat utilization. We continue to optimize processes through innovations such as secondary extrusion, automated oil-water separation. These efforts have increased oil recovery rates to exceeding 7%.

- ***Leachate treatment:*** We adopted the "MBR + advanced membrane treatment" process. Over more than a decade of operation, we have developed patented technologies and control standards that enhance treatment efficiency and stability while reducing costs. We also co-treat high-concentration incineration leachate with aged landfill leachate, addressing carbon-nitrogen imbalance and improving wastewater treatment efficiency and effectiveness.

Intellectual property

As a result of our relentless strive for R&D and advanced technologies, we have continued to enhance our intellectual property portfolio, and we rely on a combination of trademark and domain name registrations to protect our intellectual property rights. Details of our intellectual property rights are set forth in "B. Further information about our business — 2. Intellectual property rights" in Appendix IV to this Document.

We protect our intellectual property rights through a combination of copyrights, trademarks and patents and other forms of intellectual property rights available. We generally require our employees to enter into confidentiality agreements acknowledging that inventions, trade secrets, developments and other processes generated by them on our behalf are our property and assigning to us any ownership rights that they may claim in those works. Despite our precautions, however, third parties may obtain and use intellectual property that we own without our consent. We are not aware of any such breaches of our intellectual property rights during the Track Record Period. For further details of the risks relating to our intellectual property rights, please see the section headed "Risk Factors" in this Document.

Our Directors confirm that, as at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us. Further, as at the Latest Practicable Date, we were not involved in any litigation or legal proceedings in relation to any material claims of infringement, either threatened or pending, of any intellectual property rights initiated by or against us that had a material and adverse effect on our business.

Our cybersecurity measures

We prioritize our own cybersecurity to protect our assets and we believe by implementing the following measures, we can maintain a robust and resilient IT infrastructure that safeguards our business operations:

- ***Access controls and authentication:*** We believe that implementing access controls and authentication mechanisms can ensure that only authorized personnel can access sensitive systems and data. Role-based access control limits access based on the user's role within the organization, minimizing the risk of unauthorized access.

- ***Regular updates and patches:*** Keeping our software and hardware up to date is crucial. We should apply updates and patches to protect against known vulnerabilities, mitigating the risk of cyberattacks that exploit outdated software. Our dedicated team will monitor for recent updates and patches from vendors and ensures they are applied promptly. Additionally, we should test updates in a controlled environment before deployment to ensure they do not disrupt our operations.

- ***Network monitoring:*** Continuous monitoring and auditing of network activities can help us detect and respond to suspicious activities promptly. We use monitoring tools to track network traffic and identify anomalies that may indicate a security threat.

- ***Firewalls and intrusion detection systems:*** Implementing firewalls and intrusion detection systems may help us prevent and detect unauthorized access attempts. Firewalls act as a barrier between our internal network and external threats, filtering incoming and outgoing traffic based on predefined security rules. These systems monitor network traffic for suspicious activities and generate alerts when potential threats are detected.

- ***Employee training:*** We will hold regular security awareness training for our employees to ensure they are knowledgeable about the latest security threats and best practices.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations.

ACQUISITION OF RENHE

Overview

In November 2024, our Company successfully completed the acquisition of a 63% equity interest in Renhe, marking a significant milestone in our strategic expansion into the upstream segment of the waste management value chain. Our Directors believe that this acquisition has broadened our core business to include the interim treatment, compression, and transfer of household waste, as well as the harmless treatment and resource utilization of food waste. Strategically aligned with our long-term development objectives, the transaction was designed to enhance our market capitalization and profitability, thereby attracting new institutional investors. It was also driven by the complementary nature of the two companies' operations and the mutual understanding between their respective management teams. The acquisition was structured to generate synergistic benefits that exceed the sum of the individual entities.

Market position and strategic rationale

Prior to the acquisition, we conducted comprehensive market analysis and industry research. Renhe's technological capabilities, operational expertise, and brand reputation positioned it as a market leader in Hunan Province and across China. According to F&S, the Changsha Transfer Project ranked first in China in 2025 in terms of daily treatment capacity among all waste interim treatment and transfer projects, while the Changsha Food Waste Project ranked third nationwide among food waste treatment projects.

We believe that Renhe's competitive advantages include a well-established collection and transportation network covering Changsha, Liuyang, and Ningxiang, as well as a digital monitoring platform for food waste management. Renhe has also developed proprietary technologies that have significantly enhanced its operational efficiency and performance. As of the Latest Practicable Date, the Changsha Transfer Project had a total daily treatment capacity of 10,000 tons, and the Changsha Food Waste Project had a daily treatment capacity of 1,200 tons. Additionally, it is capable of producing up to 30,000 tons of industrial-grade mixed oil annually, with an oil recovery rate of exceeding 7%.

Valuation and transaction structure

The valuation of Renhe was conducted by an independent third-party appraisal firm, which adopted both the asset-based approach and the income approach, with the latter serving as the final valuation basis. The valuation was based on several key assumptions, including business continuity, macroeconomic stability, and the consistency of accounts receivable and payable turnover ratios with historical levels. The transaction price for the 63% equity interest was determined at RMB2.2 billion, based on the appraised value and mutual agreement among the parties. The acquisition was executed through a combination of share issuance and cash payment, which were fully settled in November 2024 and January 2025, respectively.

The acquisition agreement also included a provision granting us the right of first refusal for the potential acquisition of the remaining 37% equity interest in Renhe. The purchase price for the remaining equity interest will be determined based on a valuation report jointly commissioned by both parties at the time of the transaction. Renhe has already met the performance targets set at the time of acquisition for the year ended December 31, 2024, and exceeding its annual performance commitments for the same year.

Post-acquisition integration

Following the completion of the acquisition, Renhe became a subsidiary of our Company. We implemented a comprehensive integration strategy covering organizational structure, human resources, financial systems, business processes, and brand management. In particular,

- The board of directors of Renhe was reconstituted to include seven members, four of whom were nominated by our Company. We established a governance and performance evaluation framework to ensure strategic alignment, while retaining Renhe's original management team to maintain operational continuity.

- We also appointed key personnel in finance and procurement, to oversee the integration process and ensure effective control over personnel, finance, operations, assets, and organizational structure.

- Operationally, we initiated several measures to optimize synergies between the two entities, including refining waste composition to reduce the presence of bulky foreign objects, thereby enhancing the safety and efficiency of waste incineration.

- On the technological front, we integrated research and development resources, launched joint R&D projects, and incorporated Renhe's personnel into our incentive system. These efforts have strengthened our technological capabilities and expanded our market reach.

- In procurement and supply chain management, we centralized the procurement of engineering services, equipment, materials, and consumables to improve bargaining power and reduce costs. By establishing a lean and efficient supply chain system, we aim to consolidate our cost advantages and enhance profitability and competitiveness. Our robust operational management experience, sound corporate governance, and effective internal controls have enabled us to optimize Renhe's business architecture and governance framework, while continuously advancing institutional innovation and digitalization.

Financial impact and performance

From a financial perspective, Renhe has demonstrated strong performance and met its contractual commitments. The acquisition has positively impacted our financial position and operating results, expanding our business scope to include the investment, construction, and operation of household waste transfer and food waste treatment projects.

As a result, our revenue, profit attributable to equity shareholders of our Company, net assets per share, and net cash flow generated from operating activities have all improved. The transaction also resulted in the recognition of goodwill amounting to RMB146 million. The integration has successfully established a full-industry-chain model, enabling us to extend our operations both upstream and downstream and reinforcing our position as a comprehensive solid waste management service provider.

For financial information of Renhe from the beginning of the Track Record Period to the completion date of the Acquisition of Renhe, please refer to the section headed "Financial Information — Financial Information of Renhe" in this Document.

Strategic synergies and outlook

Our Directors believe that the acquisition has created substantial synergies with our existing operations. Renhe's household waste transfer business complements our waste-to-energy operations, while its food waste treatment capabilities fill a critical gap in our service portfolio.

The combined entity now operates a full-industry-chain waste management model, with demonstration projects in Changsha serving as benchmarks for nationwide replication. The acquisition has also enhanced the renewal prospects of Renhe's concession rights and strengthened our procurement capabilities through economies of scale. By building a lean and efficient supply chain, we have reinforced our cost advantages and improved our profitability and market competitiveness.

Conclusion

In conclusion, the Acquisition of Renhe represents a strategic and transformative step for our Company. It has expanded our operational scope, enhanced our technological capabilities, and strengthened our market position. Through effective integration and strategic alignment, we have realized significant synergies and laid a solid foundation for sustainable growth in the environmental services sector.

PROCUREMENT AND SUPPLIERS

We have established a procurement system which standardizes procurement procedures, maintains a list of qualified suppliers, and ensures full-process supervision. The objective is to procure goods and services that meet production and operational needs in a timely, location-appropriate, quality-assured, and cost-effective manner. For projects under construction, we select suppliers for surveying, design and construction services. We manage and coordinate all aspects of supplier performance, including timelines, quality, safety, and cost, to ensure that project delivery meets contractual and technical requirements. For routine operational, administrative, and facility needs, the procurement process follows a structured workflow. It begins with the requesting department submitting a procurement application. We then conduct price inquiries and evaluate technical specifications and pricing. Once a supplier is selected, a procurement contract is signed, and the supplier delivers the goods or services. This process applies not only to construction-related procurement but also to the acquisition of engineering services, production materials and equipment.

Our procurement procedures vary depending on the category of goods or services. For instance, the procurement of engineering labor and bulk production materials involves four key steps: inquiry, comparison, negotiation, and final pricing. During the inquiry phase, we select at least three qualified suppliers from the approved supplier list. For engineering services, suppliers are provided with construction drawings and acceptance criteria. For production materials, detailed technical specifications and usage conditions are outlined. In the comparison phase, submitted quotations are reviewed for cost-effectiveness. The negotiation phase involves discussions with shortlisted suppliers, subject to internal approval. Once negotiations conclude, the final pricing is approved, and the procurement process proceeds. For smaller equipment and spare parts, we contact qualified suppliers directly to obtain quotations and terms. If a preferred supplier is unavailable or cannot meet service requirements, a nearby qualified vendor may be selected. In such cases, the procurement process may follow the same procedures used for bulk materials. In addition, we would identify long-term, stable suppliers through comparative evaluation. These suppliers are subject to regular assessments based on pricing, quality, delivery timelines, and service performance. Only suppliers that meet evaluation standards remain on the approved list.

After procurement, all goods are subject to a two-tier acceptance process. Warehouse staff verify quantities, while the requesting department inspects product quality, specifications, and model compliance. For critical equipment and bulk materials, we also participate in the inspection. If the goods pass inspection, the warehouse issues a storage receipt. For major equipment, a formal acceptance report is required; for bulk materials, a quality inspection report must be provided. If any item fails inspection, the warehouse has the authority to reject the delivery and to coordinate returns or replacements with the supplier.

Our major suppliers

Our supplier network consists of independent contractors, and equipment vendors, and service firms specializing in repair and maintenance. Independent contractors support our project development by delivering a range of services, including feasibility studies, engineering design, construction, supervision, environmental assessments, and technical consulting. We would select contractors through a structured procurement process to ensure compliance with project specifications and regulatory standards. We expect our equipment suppliers to provide essential systems and components for our facilities, along with after-sales support to ensure operational continuity. These include both large-scale machinery and modular units tailored to the specific needs of each project. All suppliers are subject to a qualification and approval process before engagement, and their performance is monitored to ensure adherence to quality, delivery, and service expectations.

During the Track Record Period, our major suppliers mostly comprised independent contractors. Our purchases from the five largest suppliers in each year/period during the Track Record Period amounted to RMB171.3 million, RMB429.3 million, RMB344.2 million, and RMB40.9 million, representing 33.5%, 37.1%, 32.7% and 24.0% of our total purchases, respectively.

The following table sets forth details of our five largest suppliers during the year ended December 31, 2023:

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Types of procurement	Credit term	Payment method
	(RMB'000)	*(%)*				
Supplier A[(1)]	98,231	19.2	2016	Construction services	30 days	Bank transfer
Supplier B[(2)]	21,193	4.1	2011	Electricity	30 days	Bank transfer
Supplier C[(3)]	19,712	3.9	2017	Construction services and repair	30 days	Bank transfer
Supplier D[(4)]	18,573	3.6	2013	Construction services	7 days	Bank transfer
Supplier E[(5)]	13,571	2.7	2018	Construction services	30 days	Bank transfer
Total	**171,280**	**33.5**				

Notes:

1. Supplier A is company group based in Hunan that specializes in the installation of industrial equipment and infrastructure. It provides services across sectors such as energy, environmental protection, and manufacturing.
2. Supplier B is also Customer B, please see the sub-section headed "— Overlapping customers and suppliers" in this section.
3. Supplier C is a company based in Hunan that is engaged in the construction of nuclear power plants, industrial facilities, and environmental engineering projects, with a strong presence in national infrastructure development.
4. Supplier D a company based in Hunan that is engaged in contracting construction services, design and providing engineering services.
5. Supplier E is a construction firm in Jiangsu that undertakes civil engineering, municipal infrastructure, and environmental project development, with a focus on quality and compliance.

The following table sets forth details of our five largest suppliers during the year ended December 31, 2024:

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Types of procurement	Credit term	Payment method
	(RMB'000)	*(%)*				
Supplier A	192,722	16.7	2016	Construction services	30 days	Bank transfer
Supplier D	63,494	5.5	2013	Construction services	7 days	Bank transfer
Supplier C	61,537	5.3	2017	Construction services and repair	30 days	Bank transfer
Supplier F[(1)]	60,505	5.2	2015	Construction services, equipment procurement and repair	20 days	Bank transfer
Supplier G[(2)]	51,030	4.4	2015	Equipment procurement	Not determined	Bank transfer
Total	**429,288**	**37.1**				

Notes:

1. Supplier F is a company based in Wuxi that specializes in waste-to-energy solutions, environmental protection engineering, and energy recovery systems. It is a key player in China's solid waste treatment and clean energy sectors.

2. Supplier G is a company based in Wuxi that focuses on environmental technology solutions, particularly in flue gas purification, solid waste treatment, and integrated environmental services.

The following table sets forth details of our five largest suppliers during the year ended December 31, 2025:

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Types of procurement	Credit term	Payment method
	(RMB'000)	*(%)*				
Supplier A	232,272	20.6	2016	Construction services	30 days	Bank transfer
Supplier H[1]	33,094	2.9	2015	Equipment procurement and installation	30 days	Bank transfer
Supplier I[2]	31,797	2.8	2024	Construction services	30 days	Bank transfer
Supplier F	26,100	2.3	2015	Construction services, equipment procurement and repair	20 days	Bank transfer
Supplier B	20,894	4.1	2011	Electricity	30 days	Bank transfer
Total	**344,157**	**32.7**				

Notes:

1. Supplier H is a company based in Japan that is engaged in the manufacture, sale, brokerage, leasing, installation, repair, dismantling, operation, and management of various environmental protection/pollution control devices such as waste incineration facilities and industrial waste treatment equipment, as well as related integrated systems and products.

2. Supplier I is a company in Zhuhai, China that is engaged in providing glassware-related engineering and construction services.

The following table sets forth details of our five largest suppliers during the three months ended March 31, 2026:

Supplier	Purchase amount	Percentage of total purchase	Business relationship since	Types of procurement	Credit term	Payment method
	RMB'000	*%*				
Supplier A	17,413	10.2	2016	Construction services	30 days	Bank transfer
Supplier J[1]	9,538	5.6	2025	Construction services	30 days	Bank transfer
Supplier K[2]	5,399	3.2	2025	Construction services	30 days	Bank transfer
Supplier L[3]	3,487	2.1	2024	Construction services	30 days	Bank transfer
Supplier B	5,037	3.0	2011	Electricity	30 days	Bank transfer
Total	**40,874**	**24.0**				

Notes:

1. Supplier J is a company in China engaged in construction contracting, engineering project management, engineering design, and related technical services across building construction, municipal works, transportation infrastructure, water conservancy and hydropower, and electromechanical installation.

2. Supplier K is a company based in Hunan Province, China, engaged in construction works, interior decoration, engineering design, landscaping works, earthwork construction, and related engineering services.

3. Supplier L is a company based in Hunan Province, China, engaged in building construction, municipal works, landscaping engineering, water conservancy and hydropower construction, environmental engineering construction, and related services.

Our Directors confirm that, as of the Latest Practicable Date, the five largest suppliers of our Group during each year of the Track Record Period were all Independent Third Parties and, during the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our Shareholders, to the knowledge of our Directors, owned more than 5% of our issued Shares, had any interest in any of our such suppliers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our suppliers.

Our independent contractors

Most of construction activities for our facilities are carried out by independent contractors. We engage these contractors through formal agreements that define the scope of services required for project development and construction. Under the terms of our construction agreements, we are generally responsible for providing the necessary construction drawings and technical designs, preparing and leveling the construction site, securing all required permits, and ensuring the availability of utilities such as water, electricity, and telecommunications.

Contractors, in turn, are required to complete construction in accordance with the approved designs and within the agreed timeline. If a contractor fails to meet the agreed timeline or quality standards, resulting in project delays or deficiencies, they may be liable for penalties as stipulated in the contract. In cases of material breach, we reserve the right to terminate the agreement and seek compensation for any resulting economic losses.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have not had any disagreements or disputes with such suppliers that had resulted in a material adverse impact on our results of operations and financial condition.

Our equipment suppliers

We may source a wide range of equipment to support the construction and operation of our facilities across various business segments, including waste-to-energy, waste treatment, and others. In our waste-to-energy incineration projects, we may procure core equipment such as boilers from both independent and affiliated suppliers, depending on the project structure and technical requirements. We may enter into purchase agreements with equipment suppliers on a project-by-project basis. These agreements typically include provisions for delivery, installation, and commissioning.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have not had any disagreements or disputes with such suppliers that had resulted in a material adverse impact on our results of operations and financial condition. During the Track Record Period and up to the Latest Practicable Date, we also did not experience any quality issues or shortages of parts or components that adversely impacted our operations.

OVERLAPPING CUSTOMERS AND SUPPLIERS

In-line with the common industry practice, during the course of our business operations, we have been generating revenue from Customer B (which is also Supplier B) in the sales of electricity produced by our waste-to-energy incineration projects. At the same time, we also use electricity supplied by Customer B to support certain aspects of our operations. This dual relationship arises from the structure of the local electricity market and the regulatory framework governing power trading. On the one hand, we generate electricity through our waste-to-energy incineration projects and sell this electricity to Customer B. On the other hand, we also purchase electricity from Customer B to support the operational needs of our wastewater, sludge, and solid waste treatment projects. According to F&S, this dual relationship between waste-incineration operators and

electricity companies such as Company B is standard industry practice. Incineration plants sell electricity to the grid under regulated tariffs, while the electricity companies also perform regulatory and dispatch functions such as grid-connection oversight and generation metering. This dual commercial-and-regulatory relationship is an inherent feature of the sector. This arrangement may appear circular at first glance, but it is a standard practice in the industry due to how electricity is managed and distributed through the centralized power grid. Whilst we would consume some of the energy generated in the same project, most of the electricity generated by our facilities is not directly consumed on-site; instead, it is fed into the grid and sold to the designated supplier under regulated terms. Separately, when we require electricity for our projects that do not generate electricity, we draw from the grid and pay the supplier, i.e., Customer B, for that usage. This ensures that all electricity transactions are properly accounted for and comply with local regulations. Under the applicable power trading rules, our Group's projects are classified as electricity consumers.

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, we had generated a revenue of RMB698.2 million, RMB685.3 million, RMB829.3 million, and RMB222.5 million from Customer B, which represented 38.0%, 28.4%, 30.4%, and 30.2% of our total revenue, respectively. During the same periods, purchases from Customer B amounted to RMB21.2 million, RMB20.2 million, RMB20.9 million, and RMB5.0 million, which represented 4.1%, 1.8%, 1.9%, and 3.0% of our total purchases, respectively. Our Directors confirm that none of the transactions between us and Customer B were inter-connected or inter-conditional, and Customer B is an Independent Third Party. Our Directors affirm that the electricity prices are fixed and are comparable to those of similar transactions between electricity grid companies and other waste-to-energy incineration projects. We also confirm that the transactions with Customer B during the Track Record Period were conducted at arm's length, under normal commercial terms, and in the ordinary course of business.

QUALITY CONTROL

We have a department responsible for overseeing the quality, safety, progress, functionality, and cost control of all project construction activities. This department is staffed by a team of professionals, including engineers, and operates under the leadership of senior management. The team is tasked with selecting independent contractors for project design, construction, and supervision, as well as equipment suppliers. All procurement activities are conducted in accordance with our centralized procurement policy, with a strong emphasis on supplier qualifications and the quality of goods and services. Suppliers must undergo a formal approval process before any procurement decisions are made. Quality control procedures include material inspections, scheduled and unscheduled site audits, and regular coordination meetings. These measures are designed to ensure that quality meets or exceeds project specifications and regulatory expectations.

Once projects enter the operational phase, quality control is managed by our operations management department. This team is responsible for overseeing the day-to-day performance of all operational facilities and ensuring that they meet established quality, safety, and environmental standards. We have implemented a standardized set of quality control procedures across all operational sites. These include regular inspections, sampling tests, and quality checks on emissions, materials, components, and operational processes. These inspections are conducted in accordance with applicable laws and require strict adherence to prescribed quality control standards.

OUR EMPLOYEES

The table below sets forth the number of our employees by business segment as of March 31, 2026:

	Number of employees	Percentage of total employees
		(%)
Senior management and general administration	234	13.9
Technology	245	14.5
Finance	44	2.6
Engineering	59	3.4
Operations	1,108	65.6
Total	**1,690**	**100.0**

The table below sets forth a breakdown of our employees by geographical location as of March 31, 2026:

	Number of employees	Percentage of total number of employees
		(%)
Mainland China	1,577	93.3
Overseas	113	6.7
Total	**1,690**	**100.0**

Our operations team includes professionals from a range of technical disciplines, including thermal power engineering, electrical engineering, automation, power systems, IT, chemical engineering, and environmental engineering. These teams are supported by standardized procedures, a comprehensive training system, and the operational experience gained from managing integrated waste treatment facilities.

In terms of compensation, we enter into a standard employment contract with each of our full-time employees. Compensation for our employees includes basic wages, variable wages, bonuses and other staff benefits. Our performance appraisal system ties compensation to individual contributions and company-wide goals. In relation to our employees in the PRC, in accordance with applicable PRC regulations on social insurance and housing funds, we contribute to social insurance, including pension, medical insurance, unemployment insurance, occupational injuries insurance and maternity insurance, as well as a housing fund for our employees. The insurance premium is borne by us and the employees in a specific proportion as required by PRC laws. According to our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, notwithstanding that we did not effect the full payment for social insurance and housing provident fund contributions, or in extremely rare cases, fail to make payment for such contributions for some of our employees, the likelihood of our Group being subject to the recovery of historical shortfalls or material penalties is considered remote. For details, please see the section headed "Risk Factors — Risks relating to the industry and the business environment in which we operate — 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" in this Document. Our Group has not received any notices, penalties, or directives from the relevant authorities indicating non-compliance, and no legal or regulatory consequences have arisen in this regard. Regarding the above issues, we and our PRC Legal Advisor are committed to actively cooperating with relevant competent authorities these 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.

Training and development are key components of our human resource strategy. New employees are supported through a mentorship system. To this end, we believe that we maintain good working relationships with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff during the Track Record Period.

INSURANCE

We will maintain insurance coverage that we consider appropriate and sufficient for the nature and scale of our operations. We comply with substantially all mandatory insurance requirements under applicable laws and regulations, and our coverage aligns with standard commercial practices in the environmental services industry. Consistent with general market practice, we do not maintain business interruption insurance, as it is not required under PRC law. Our Directors believe that the current insurance arrangements are adequate and in line with industry norms. During the reporting period, we did not experience any material insurance claims related to our business operations. We continue to monitor our risk exposure and insurance needs to ensure that our coverage remains appropriate as our business evolves.

PROPERTIES

Owned properties

As of the Latest Practicable Date, we owned 58 properties in China, with a total GFA of approximately 0.3 million sq.m.. We use these properties as premises for industrial, public infrastructure, staff accommodation, office, factory, residential housing, and other purposes. As of the Latest Practicable Date, we had obtained the title certificates for substantially all of our owned properties, with the exception of those described below. Our Company's PRC Legal Advisor is of the view that we have legal title to these properties and the land use rights for the land occupied by these buildings. As of March 31, 2026, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1) of the CWUMPO to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule of the CWUMPO.

Title certificates

During the Track Record Period and up to the Latest Practicable Date, we had certain properties that had not obtained the title certificates. Specifically, as of the Latest Practicable Date, fifteen properties with an aggregate GFA of 2,689.6 sq.m., primarily as production auxiliary buildings or domestic living quarters, did not possess title certificates, and represent approximately 0.96% of our Group's completed building area (except for one property the certificate of which is being processed). According to our PRC Legal Advisor, such absence of title certificates for these properties is due to historical issues relating to construction approval procedures. Due to historical reasons, such as the structures being temporary auxiliary buildings at the time of construction and inconsistencies between the land use rights holder and the construction entity, the required approval procedures were not completed in time, resulting in the inability to obtain property title certificates. As confirmed by the relevant competent authorities, these properties may be used in their current state, and such circumstances do not constitute a material violation of the relevant laws or regulations. For such reasons, the likelihood that we are subject to any administrative penalties and severe legal liabilities in respect of these properties is considered remote.

Our Directors are of the view that as the affected properties are mainly production auxiliary facilities and not the principal sites for core business activities. These facilities include booster pump rooms, oil tank areas, wastewater treatment auxiliary rooms, boiler rooms, dispatch rooms, sludge thickening workshops, weighbridge rooms, power distribution rooms, river water pump rooms and security booths. These facilities serve specialised purposes and are located on the periphery of production workshops. They are not essential for the Group's core operations, which comprise waste incineration power generation, municipal waste transfer and kitchen waste treatment. Removal of these auxiliary facilities would not materially affect the normal operation of our projects. For such reasons, the lack of 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. The competent authorities have confirmed that the buildings may be used as they are.

For such reasons, we believe that given that the total area of the uncertificated buildings is small and that these buildings are primarily used for auxiliary production purposes, there is no significant adverse impact on our Group's operations. In addition, we are unable to apply for title certificates for the remaining 15 properties because the submission of certain permits is a mandatory prerequisite for such applications, and these permits cannot be obtained under the current circumstances. Our PRC Legal Advisor has provided a clear opinion on this matter, confirming that the absence of title certificates does not constitute a material violation of applicable laws or regulations. Local authorities have expressly indicated that these properties may continue to be used as they are, and we have not been subject to any administrative penalties in connection with this issue. Furthermore, one property owned by PuXiang Environmental Protection is currently undergoing the title certificate application process, which is progressing in an orderly manner without any significant legal obstacles. Importantly, under the terms of our concession agreements, the failure to obtain title certificates does not render these agreements invalid or subject them to termination. Local authorities have reaffirmed that the properties can remain in use without interruption, and there is no risk of eviction. This position provides assurance that our operations and contractual commitments remain secure and unaffected by the absence of title certificates.

Leased properties

As of the Latest Practicable Date, we leased nine properties in China from Independent Third Parties, with an aggregated GFA of 373,054.2 sq.m., which are primarily used as office, dormitories, and farmland. The leased farmland is used solely for growing vegetables to supply our staff canteen. There is no sale of produce and no related revenue, and we do not engage in any agricultural business activities. Moreover, we also leased four properties overseas from Independent Third Parties, with an aggregated GFA of 467,168.0 sq.m., which are primarily used as treatment facilities, offices, and dormitories. We did not experience any material difficulties in negotiating a renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. For further information, please refer to the section headed "Risk Factors — Risks relating to our business and industry — We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings." in this Document. During the Track Record Period and up to the Latest Practicable Date, there was no material litigation or arbitration pending or threatened against us or our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition, or results of operations.

Legal compliance

As confirmed by our legal advisors, our Group has complied, in all material respects, with all relevant laws and regulations in the jurisdictions in which we operate, and there was no non-compliance incident that had materially and adversely affected our business, financial position, or results of operations during the Track Record Period.

LICENSES, APPROVAL AND PERMITS

Our Directors confirmed that, as of the Latest Practicable Date, we had obtained all material licenses and permits that are necessary for our business operations in the China and overseas. The following table sets forth details of our other material licenses and permits:

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Permit for Engaging in Operational Disposal Services of Municipal Solid Waste	The Company	Changsha Urban Management Bureau	June 25, 2026	June 25, 2031
Pollutant Discharge Permit	The Company	Changsha Municipal Ecology and Environment Bureau	July 11, 2023	July 21, 2028
Permit for Engaging in Operational Disposal Services of Municipal Solid Waste	Puxiang Bioenergy	Changsha Urban Management Bureau	June 25, 2026	June 25, 2031
Pollutant Discharge Permit	Puxiang Bioenergy	Changsha Municipal Ecology and Environment Bureau	December 26, 2022	December 25, 2027
Electric Power Business License	Puxiang Bioenergy	Hunan Energy Regulatory Office of National Energy Administration of the People's Republic of China	March 3, 2025	July 16, 2038
Water Abstraction Permit	Puxiang Bioenergy	Wangcheng Water Authority, Changsha City	January 30, 2024	January 29, 2029

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Permit for Engaging in Operational Disposal Services of Municipal Solid Waste	Puxiang Environmental Energy	Changsha Urban Management Bureau	June 25, 2026	June 25, 2031
Pollutant Discharge Permit	Puxiang Environmental Energy	Changsha Municipal Ecology and Environment Bureau	June 23, 2026	June 22, 2031
Electric Power Business License	Puxiang Environmental Energy	Hunan Energy Regulatory Office of National Energy Administration of the People's Republic of China	October 28, 2021	October 27, 2041
Permit for Engaging in Operational Disposal Services of Municipal Solid Waste	Pingjiang Junxin	Pingjiang County Urban Management and Law Enforcement Bureau	September 1, 2026	August 31, 2027
Pollutant Discharge Permit – Landfill	Pingjiang Junxin	Yueyang Ecology and Environment Bureau	November 19, 2024	November 18, 2029
Pollutant Discharge Permit – Incineration	Pingjiang Junxin	Yueyang Ecology and Environment Bureau	November 11, 2024	November 10, 2029
Electric Power Business License	Pingjiang Junxin	Hunan Energy Regulatory Office of National Energy Administration of the People's Republic of China	February 24, 2025	February 23, 2045
Permit for Engaging in Operational Cleaning, Collection, and Transportation and Disposal Services of Municipal Solid Waste	Liuyang Junxin	Liuyang Municipal Urban Management and Law Enforcement Bureau	June 30, 2025	June 29, 2028
Pollutant Discharge Permit	Liuyang Junxin	Changsha Municipal Ecology and Environment Bureau	November 25, 2024	April 16, 2031
Electric Power Business License	Liuyang Junxin	Hunan Energy Regulatory Office of National Energy Administration of the People's Republic of China	February 24, 2025	February 23, 2045
Electric Power Business License	Renhe Environment Technology	Hunan Energy Regulatory Office of National Energy Administration of the People's Republic of China	September 6, 2023	September 5, 2043
Water Abstraction Permit	Renhe Environment Technology	Kaifu District Forestry and Water Resources Bureau, Changsha City	September 14, 2023	September 13, 2028
Pollutant Discharge Permit	Renhe Environment Technology	Changsha Municipal Ecology and Environment Bureau	November 4, 2022	November 3, 2027
Permit for Engaging in Operational Cleaning, Collection, and Transportation and Disposal Services of Municipal Solid Waste	Renhe Environmental Protection	Changsha Municipal Urban Management and Law Enforcement Bureau	April 1, 2016	November 18, 2029
Pollutant Discharge Permit	Renhe Environmental Protection	Changsha Municipal Ecology and Environment Bureau	January 4, 2024	January 3, 2029
Pollutant Discharge Permit	Renhua Environment Technology	Changsha Municipal Ecology and Environment Bureau	January 16, 2023	January 15, 2028

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
License for Power Generation . . .	Junxin (Kyrgyzstan)	Department for Regulation of the Fuel and Energy Complex under the Ministry of Energy of Kyrgyzstan	November 20, 2025	Perpetual licence
License for Power Supply and Sale.	Junxin (Kyrgyzstan)	Department for Regulation of the Fuel and Energy Complex under the Ministry of Energy of Kyrgyzstan	November 20, 2025	Perpetual licence

AWARDS AND RECOGNITION

The following table sets forth notable awards and recognition in respect of our business achievements, technology, and innovation:

Year	Award/Recognition	Awarding Institution/Authority
2025 . . .	CSI 1000 Index	China Securities Index Co., Ltd.
2025 . . .	Golden Bull Award for Listed Companies Dividend Return	China Securities Journal
2025 . . .	ESG Sustainable Development Pioneer Enterprise Award	Securities Daily
2025 . . .	Outstanding Board Practices — Best Practice Cases of Board Office	China Association for Public Companies
2025 . . .	Hunan Province Ecological Environment Science Popularization and Education Base	Hunan Provincial Department of Ecology and Environment Hunan Provincial Department of Science and Technology
2024 . . .	Top 500 Private Enterprises in Invention Patents	All-China Federation of Industry and Commerce
2024 . . .	Outstanding Sustainable Development Practice Case of Listed Companies	China Association for Public Companies
2024 . . .	A Grade in Information Disclosure Evaluation for GEM Listed Companies (2023-2024)	Shenzhen Stock Exchange
2023 . . .	Luban Award for Construction Projects (2022-2023)	China Construction Industry Association
2023 . . .	High-Quality Project in Nonferrous Metals Industry	China Nonferrous Metals Industry Association
2023 . . .	Postdoctoral Innovation and Entrepreneurship Practice Base	Hunan Provincial Department of Human Resources and Social Security
2022 . . .	AAA Grade in Harmless Evaluation of Waste Incineration Facilities	Hunan Provincial Department of Housing and Urban-Rural Development
2022 . . .	Provincial Enterprise Technology Center	Hunan Provincial Department of Industry and Information Technology
2021 . . .	Green Construction Demonstration Project in Nonferrous Metal Construction Industry	China Nonferrous Metals Construction Association
2021 . . .	Top 10 Open Environmental Protection Facilities	Ministry of Ecology and Environment of the PRC
2019 . . .	National High-Tech Enterprise	Hunan Provincial Department of Science and Technology Hunan Provincial Department of Finance Hunan Provincial Tax Service
2019 . . .	13th Batch of China Steel Structure Gold Award	China Construction Metal Structure Association

Year	Award/Recognition	Awarding Institution/Authority
2019 . . .	Luban Award for Construction Projects (2018-2019)	China Construction Industry Association
2018 . . .	Environmental Education Base	Hunan Provincial Department of Ecology and Environment
2018 . . .	Sanitation Industry Benchmark Project	Hunan Urban Construction Industry Association
2018 . . .	Major Demonstration Project for Water Pollution Control	Ministry of Housing and Urban Rural Development of the PRC
2017 . . .	First Prize of Science and Technology Award	China Circular Economy Association
2014 . . .	Municipal Utility Science and Technology Demonstration Project	Ministry of Housing and Urban-Rural Development of the PRC

ENVIRONMENT, SOCIAL AND GOVERNANCE MATTERS

Overview

Environmental, Social and Governance ("**ESG**") factors are woven into our Company's strategy, operations and risk-management processes. This section sets out our Company's ESG governance framework, management systems and key strategic priorities, illustrating how sustainability considerations guide decisions across its value chain.

As a participant in solid waste treatment and environmental protection practices nationwide, we must adhere to ESG policies and guidelines, which have been integrated into our business operations to ensure responsible resource allocation. We have established a ESG management system that is strictly adhering to national environmental standards in core businesses such as waste-to-energy incineration, food waste management, sludge disposal, and leachate treatment, while continuously optimizing resource utilization efficiency.

We operate an integrated waste treatment park dedicated to the resource utilization of municipal solid waste, primarily focusing on the resource utilization of household waste, municipal sludge, leachate, food waste, and fly ash, as well as the development of green energy solutions. In 2025, we incinerated 3.8 million tons of waste, generating 1.84 billion kilowatt-hours of electricity for the grid, meeting the electricity needs of 1.3 million people. We also invested RMB89.9 million in solid waste treatment and green energy technology R&D during the year.

Governance

Ultimate accountability for sustainability rests with our Board of Directors, which sets risk appetite and reviews ESG performance alongside financial results. Day-to-day coordination is led by the Strategy and ESG Committee chaired by an executive director. An inter-departmental ESG Working Group gathers data, tracks KPIs and prepares the annual ESG report; fully integrating sustainability risks into enterprise-wide risk management.

The Strategy and ESG Committee also oversees ESG matters for our overseas projects. Before entering a new market, we engage external consultants to assess environmental impacts, labor practices, land acquisition matters and compliance with environmental, labor and land acquisition laws and regulations of the host country and only approve projects that meet our ecological, community and compliance standards. Our overseas projects adopt the same technical configuration as our domestic projects, including mechanical grate incineration, multi-stage flue gas treatment, on-site leachate recycling, fly ash stabilization and continuous online emissions monitoring, and during operation we engage third-party environmental testing on a regular basis, conduct community visits and develop on-site environmental education facilities.

We have received recognition for our ESG governance practices, which demonstrates our performance in environmental governance and corporate governance. We have been rated as a "Hunan Province Environmental Protection Integrity Unit" by the Hunan Provincial Department of Ecology and Environment for consecutive years, and have been awarded the credit rating of "Hunan Province Environmental Protection Enterprise Credit AAA Rating". In 2024 and 2025, we were awarded the highest rating (Grade A) for information disclosure work among listed companies on the ChiNext Market of the Shenzhen Stock Exchange consecutively, we were selected as an

outstanding practice in sustainable development among listed companies in 2024, and we were awarded the "Golden Steed Award — ESG Sustainable Development Pioneer Enterprise Award" in 2025(「金駿馬獎 — ESG可持續發展先鋒企業獎」).

Our operations have also obtained internationally recognized system certifications such as: ISO 14001 Environmental Management, ISO 45001 Occupational Health & Safety and ISO 9001 Quality Management.

Meanwhile, we place great emphasis on ESG-related disclosure to fulfill our social responsibilities as an environmentally responsible enterprise. We have disclosed our strategies and governance measures to the public, strictly adhered to the Administrative Measures for the Disclosure of Information of Listed Companies, the Guidelines for Listed Companies' Environmental Information Disclosure, the GRI Standards, establishing a three-pronged disclosure system comprising "quantitative data + qualitative analysis + stakeholder feedback." In 2024 and 2025, we were awarded the highest rating (Grade A) for information disclosure work among listed companies on the ChiNext Market of the Shenzhen Stock Exchange consecutively.

The strategy is based on five material themes and a biennial materiality assessment, which create a structured roadmap focused on:

1. Climate & Clean Energy — improving efficiency, reducing production of auxiliary materials, and achieving carbon emission reductions.

2. Pollution Prevention & Control — reducing flue gas emission indicators and achieving wastewater recycling.

3. Employee Care & Safety — cultivating a "zero harm" culture based on the ISO 45001 framework to establish an employee care system.

4. Responsible Supply Chain — Strictly supervising suppliers and disposal companies to ensure green procurement in the supply chain.

5. Environmental Protection Education and Community Welfare — fulfilling social responsibility by opening factories to visitors and conducting environmental protection education.

Leveraging its management systems, the Company will continue optimizing auxiliary energy and materials usage through targeted management initiatives and technologies, while maintaining all regulated air-emission concentrations comfortably below permit limits.

Environmental

Licences and regulatory compliance

Our Company has obtained all legally required permits and licences for air-emission, wastewater-discharge and solid-waste management under every applicable national and local regulation, and has not been subject to administrative penalties during the Track Record Period and up to the Latest Practicable Date. Moreover, our Directors confirm that our Group had complied with all applicable laws and regulations relating to environmental protection during the Track Record Period and up to the Latest Practicable Date. Routine internal audits and on-line regulatory reporting ensure full, year-round compliance.

Environmental risk identification and management

A structured Risk Elements Identification & Evaluation System (風險要素識別評價制度) supported by a Safety & Environmental Production Management System (安全環保生產管理制度) and detailed Pollution Control Procedures (污染物控制程序) enables early identification, assessment and mitigation of environmental hazards across all facilities. Findings are tracked through a corrective-action register reviewed monthly by plant managers.

Resources and energy efficiency

Between 2023 and 2025 our Company implemented a resource-efficiency retrofit program covering at least 25 targeted initiatives across sludge treatment, wastewater management and incineration auxiliaries. The following are examples of the completed upgrades:

- Biogas generated during sludge treatment is used to produce steam with a boiler to increase the temperature during the regulation phase and further optimize the heat exchange equipment to improve efficiency, reducing lime usage by 27.1% and PAM polymer dosage by 48.3% and saving around RMB1.1 million per year.

- In the domestic waste-to-energy project, waste heat from the continuous blowdown of the incinerators is recovered and used to heat the air in the slag pit during winter, effectively addressing the issues of heavy mist in the slag pit and obstructed visibility for slag crane operators during that season, thereby preventing operational safety accidents and improving operational efficiency. In other seasons, the waste heat is recovered to the waste pit to optimize incineration efficiency. This results in annual electricity savings of approximately 324,000 kWh and construction cost savings of RMB300,000.

- The smart lighting control system can intelligently switch on or off plant-wide lighting, reducing unnecessary lighting energy consumption and saving power consumption of the plant. Annual electricity savings amount to 383,000 kWh.

Overall, the retrofit portfolio is expected to reduce annual operating costs by or generate a total economic benefit of approximately RMB11.9 million, while simultaneously cutting onsite electricity consumption and increasing renewable power generation.

Use of Resources Data (2023 to March 2026)

Resource Type	Unit	2023	2024	2025	March 2026
Petrol	liter	33,261	78,394	667,383	143,705
Diesel	liter	781,227	1,216,912	5,477,560	1,332,941
Natural Gas	m^3	–	3,372	408,683	21,106
Electricity	MWh	25,204	22,328	29,040	2,654
Water	tonnes	4,940,392	5,420,853	7,022,079	1,518,489

Note: based on financial settlement statistics. The data represents statistics compiled on the basis of financial settlement. Due to the acquisition of Renhe Environment by the Company, the utilization of waste collection and transportation vehicles increased, resulting in an increase in petrol consumption.

During the Track Record Period, we have observed the following fluctuations:

- *Petrol:* In 2025, with the Acquisition of Renhe, petrol consumption from its kitchen waste collection vehicles and auxiliary production vehicles was included, leading to a substantial increase.

- *Diesel:* In 2023, we carried out refractory repairs for phase I of the Changsha Waste-to-Energy Incineration Project, during which prolonged heating-up was required, resulting in a modest increase in fuel consumption compared to 2022. In 2025, following the Acquisition of Renhe, diesel consumption from its municipal waste transfer vehicles, kitchen waste collection vehicles and auxiliary production vehicles was included. Meanwhile, the completion of refractory repairs for phase I of the Changsha Waste-to-Energy Incineration Project further drove an increase in diesel consumption.

- *Natural gas:* In 2023, our Company did not consume natural gas. In 2024 and 2025, following the Acquisition of Renhe, natural gas consumption was recorded, primarily for daily canteen cooking and occasionally for hot water generation in boilers.

- *Water:* Both phase I and phase II of our Changsha Waste-to-Energy Incineration Project employ wet hyperbolic cooling towers, which rely on evaporation to dissipate heat. In 2024, the annual average temperature in Changsha increased compared with 2023, leading to higher evaporation and make-up water demand. In addition, the Acquisition of Renhe contributed approximately 74,000 tonnes of water consumption, resulting in an overall increase in water usage.

Pollution prevention and control

- Air emissions — Each plant is equipped with selective non-catalytic reduction (NO_x), semi-dry and dry deacidification, activated-carbon injection and bag-house filtration. Continuous-emission-monitoring data currently cover all 14 incineration lines in operation, comprising ten lines in Changsha, one line in Pingjiang, two lines in Liuyang and one line in Bishkek, as shown in the table below.

Air Emissions	Unit	National Standard GB18485-2014 (24-hour Average)	2023	2024	2025	March 2026
Sulfur dioxide	(mg/Nm^3)	80	42	39	37	39
Nitrogen oxides	(mg/Nm^3)	250	160	169	166	169
Particulate matter	(mg/Nm^3)	20	0.8	0.8	1.1	1.0
Carbon monoxide	(mg/Nm^3)	80	3.3	3.7	4.2	3.3
Hydrogen chloride	(mg/Nm^3)	50	3.9	5.9	8.2	9.8
Dioxins	($ng\text{-}TEQ/Nm^3$)	0.1	0.002	0.004	0.005	0.003

In FY2025, averages of SO_2 37 mg/Nm^3 (range 34-45), NO_x 166 mg/Nm^3 (160-183) and PM 1.1 mg/Nm^3 (0.53-1.36) — equivalent to 46.3%, 66.4% and 5.5% of the statutory limits in GB 18485-2014 (SO_2 80, NO_x 250, PM 20 mg/Nm^3). Notably, dioxin concentrations are <0.01 ng TEQ/Nm^3, well below the legal limit of 0.1 ng TEQ/Nm^3. CO and HCl all remain <20% of their respective thresholds.

- Wastewater — The Company employs independent treatment systems for three main types of wastewater: (i) incinerator leachate, (ii) landfill leachate, and (iii) sludge press filtrate. Incineration leachate undergoes UASB+MBR+nanofiltration+reverse osmosis treatment. After meeting the "Quality Standards for Recycled Urban Wastewater for Industrial Use (GB/T19923)," the waste water is reused as cooling tower makeup water in a closed-loop system. Landfill leachate undergoes MBR+advanced membrane treatment to meet the standards of the "Pollution Control Standards for Urban Solid Waste Landfills (GB16889)" before being discharged into the municipal sewer system, and the online COD and ammonia nitrogen monitors can monitor the quality of the production water in real time and automatically upload the data to the government's environmental platform. The treated water of sludge press filtrate is reused after satisfying the requirements of the "Design Specifications for Industrial Circulating Cooling Water Treatment" (GB/T50050) and the "Quality Standards for Recycled Urban Wastewater for Non-Potable Use" (GB18920).

- Solid and hazardous waste — slag is collected and transported directly to qualified third-party recyclers for resource utilization. Fly ash is chelated and solidified to meet the "Pollution Control Standards for Urban Solid Waste Landfills (GB16889)" and then transported by special vehicles to a dedicated landfill for disposal. These procedures ensure thorough control and 100% compliant disposal.

- Noise & dust — in line with the National Emission Standard for Industrial Enterprises Noise at Boundary, which references GB 12348-2008 Class 2 boundary limits.

- Vehicle emissions — The vehicle fleet now comprises mostly China VI kitchen-waste collection trucks, with a small number of legacy China IV/V units; garbage-transfer trucks remain largely China IV/V, and all new purchases meet the China VI standard.

Emission and Waste Data (2023 to March 2026)

Waste Type	Unit	2023	2024	2025	March 2026
Hazardous Waste	tonnes	77,928.2	67,839.1	95,171.6	33,186.6
Non-hazardous Waste	tonnes	0	15,319.9	147,201.0	33,453.1
Wastewater	tonnes	636,340.7	849,216.7	1,098,091.5	238,267.2
Scope 1 Emission	tCO_2	2,217.4	3,673.6	5,771.2	1,335.5
Scope 2 Emission	tCO_2	15,638.9	14,533.6	16,552.8	1,512.8

Note: Fly ash accounts for 99.95% of hazardous waste. The Company treats fly ash in accordance with relevant national regulations and franchise agreements. The remaining hazardous waste is regularly entrusted to qualified third-party organizations for treatment

- *Hazardous waste:* Such waste mainly consists of incineration fly ash, accounting for over 99% of the total. In 2023, Phase I of our Changsha Waste-to-Energy Incineration Project waste input increased by 8.8% and Phase II of our Changsha Waste-to-Energy Incineration Project sludge co-incineration by 9%, leading to higher consumption of desulfurization materials and increased fly ash generation. In 2024, Phase I of our Changsha Waste-to-Energy Incineration Project waste input decreased by 5.8%, while improved lime quality control and process optimization reduced lime use by about 20%. Sludge co-incineration in Phase II of our Changsha Waste-to-Energy Incineration Project also fell by 9%, resulting in a significant reduction in fly ash compared with 2023. In 2025, the significant increase in hazardous waste compared with 2024 was mainly due to the commencement of operations of new projects, which generated fly ash from waste incineration.

- *Non-hazardous Waste:* Following the Acquisition of Renhe in December 2024, non-hazardous waste generated mainly comprised impurities separated during kitchen waste pre-treatment, residues from oil-water-solids separation, and sludge from wastewater treatment.

- *Wastewater:* Wastewater discharge in 2024 increased significantly compared with 2023, mainly due to: (i) extreme weather at the Changsha Environmental Protection Industrial Park, which led to higher leachate generation and an increase of approximately 112,000 m^3 in treated effluent; (ii) an increase of approximately 4,000 m^3 in treated effluent at the Pingjiang Landfill Project; and (iii) an additional 47,000 m^3 of wastewater discharge from Renhe in December 2024. The increase in wastewater in 2025 compared with 2024 was mainly due to the increase in the number of operating projects.

The increase in our Scope 1 emissions in 2025 was primarily attributable to the Acquisition of Renhe. Renhe operates a large fleet of waste transfer vehicles with a high reliance on diesel fuel, and following the Acquisition of Renhe, our Group's overall diesel consumption rose substantially. As a result, our Group's Scope 1 emissions increased from 2,217.4 tCO_2e in 2023 to 5,771.2 tCO_2e in 2025. Such change was driven by the expansion of business scope resulting from the Acquisition of Renhe, rather than any abnormal fluctuation in the emission intensity of our Group's existing operations.

Environmental targets and KPIs

We have always strictly adhered to the "Standards for Pollution Control of Municipal Solid Waste Incineration" (GB 18485-2014) and all of our emission indicators have remained below the applicable national standard limits. In light of the introduction of more stringent local emission requirements, including the Emission Standard of Air Pollutants for Municipal Solid Waste Incineration (DB43/3549-2026) in Hunan Province, we are undertaking technical studies and preparing for the necessary process and facility upgrades to further reduce pollutant emissions and comply with the applicable local standards. For our existing waste-to-energy projects in Hunan Province, we target to achieve compliance with DB43/3549-2026 by 2027, including maintaining the 1-hour/24-hour average concentrations of particulate matter at no more than 10/8 mg/m^3, nitrogen oxides at no more than 120/100 mg/m^3, sulfur dioxide at no more than 60/40 mg/m^3, hydrogen chloride at no more than 30/20 mg/m^3 and carbon monoxide at no more than 60/40 mg/m^3, as well as maintaining dioxin emissions at no more than 0.1 ng TEQ/m^3. In the future, we will continue to adhere to high standards and strict requirements, while adapting our operations to evolving regulatory requirements. As part of this commitment, we plan to further strengthen

pollutant-reduction performance in three key areas: (1) upgrading combustion processes and flue gas treatment facilities, including improving the thermal efficiency of waste-to-energy projects while reducing emissions of nitrogen oxides and acidic gases; (2) enhancing the intelligent and precise dosing control of auxiliary materials to decrease consumption and reduce unit usage; and (3) increasing the treatment efficiency of high- and low-concentration wastewater across projects to improve water-reuse levels, reduce freshwater intake and discharge volumes, and thereby lower the overall pollutant load released into the environment.

We will continue to assess opportunities to further reduce emissions from our current operating levels in line with applicable regulatory requirements. Technical studies are under way to explore additional process optimisation and facility-upgrade measures to support compliance with more stringent emission limits. Accordingly, compliance with the applicable emission limits under DB43/3549-2026 will serve as our principal quantitative air-emission KPI for the relevant Hunan projects.

In parallel, the Company is conducting research on fly-ash volume reduction and utilization technologies to eliminate fly ash toxicity, recover resources from fly ash, and reduce the need for landfill. The Company has efficiently eliminated fly ash toxicity and maximized the recovery of usable resources through innovative technological means, thereby significantly reducing the need for landfill disposal.

These indicators are monitored at each plant via continuous-emission-monitoring systems, and progress is reviewed monthly by operating teams. We will continue to explore better technical solutions, consolidate our position as a established service provider in environmental protection, and contribute to green development.

Social

Employment

Our Company aims to attract, develop and retain a skilled and diverse workforce aligned with its mission. As of March 31, 2026, we employed 1,577 people in Mainland China. Employees aged below 40 accounted for 58.9%. Recruitment follows an equal-opportunity policy prohibiting discrimination on the grounds of gender, ethnicity, age, religion or disability. All employees receive written contracts compliant with the Labour Law of the People's Republic of China and are covered by statutory social-insurance and housing-fund schemes. Competitive remuneration is benchmarked annually, while a performance-linked bonus pool rewards achievement of financial objectives. Career-development pathways combine mandatory onboarding, and at least 19 hours of training per year for each employee, delivered through our Company's digital learning platform and external courses.

Health and Safety

Worker wellbeing is safeguarded under an ISO 45001-certified Occupational Health & Safety Management System that sets annual targets, conducts risk assessments and mandates safe-work permits. Site-specific safety committees meet monthly, and Safety Observation Cards encourage frontline staff to report hazards. In 2025 our Company recorded zero fatalities.

Staff training is governed by standalone Training Management Rules that stipulate an annual training-needs survey, multi-layer training plans (company, business-unit and departmental) and a four-level evaluation model covering reaction, learning, behavior and results. Every employee is required to participate in structured learning per year, through a mix of classroom sessions, e-learning and on-the-job coaching, while frontline operators and maintenance staff complete mandatory certification refreshers on operation procedures, basic safety rules and confined-space entry. In 2025 our Company delivered more than 75,431.5 total training hours; mandatory compliance courses, including anti-corruption and HSE, achieved 100% completion.

Employee well-being

Our Company places great importance on employee well-being and team cohesion. Our Company's union regularly organizes diverse cultural and sports activities and facilities construction to continuously foster a positive corporate culture. Starting in 2024, this has further strengthened cultural and sports team building by establishing multiple sports teams, bands, choirs, literary and art associations, and calligraphy and photography associations to provide employees with a platform for developing their interests. Additionally, we have optimized employee activity spaces by creating dedicated facilities such as an employee activity center to facilitate staff communication.

We also regularly host themed events, including International Women's Day celebrations, book sharing sessions, traditional festival celebrations, and tree-planting and environmental protection activities. These initiatives aim to enhance teamwork while promoting eco-friendly lifestyles and social responsibility awareness. Moving forward, we will continue to refine our employee care system to deeply integrate corporate culture with sustainable development principles.

Operating practices

Our company incorporates responsible procurement principles into every stage of the supply chain. The Supplier Code of Conduct explicitly requires all suppliers to ensure that production emissions strictly comply with local environmental regulations and standards. We also implement a special supervision mechanism for hazardous waste disposal companies, conducting regular environmental compliance reviews and dynamic performance evaluations to ensure they meet the highest environmental safety standards. Additionally, the procurement department adopts a Supplier Code of Conduct covering environmental compliance, labor standards, anti-corruption, and data privacy, and regularly selects key suppliers. By establishing a comprehensive supplier management mechanism, we implement corrective action plans requiring non-compliant suppliers to rectify issues within a specified timeframe. For suppliers who repeatedly fail to meet standards or commit serious violations, we will disqualify them from further collaboration, thereby building a green and sustainable responsible supply chain system. Our Directors believe that such supplier management system is effective in ensuring compliance with applicable environmental regulations. Suppliers are required to provide valid permits, environmental clauses are included in contracts, and key suppliers are subject to regular assessments. Our Directors consider that these control measures, together with the option to suspend or replace non-compliant suppliers, provide reasonable safeguards for supply chain compliance. At the same time, internally, our anti-bribery policy sets strict limits on gifts and prohibits facilitation payments; mandatory e-learning on anti-corruption achieved 100% completion in 2024.

Community welfare

We recognize that waste treatment facilities may attract concern from nearby communities, and we engage with communities throughout the project cycle, from site selection and environmental impact assessment through construction, operation and emergency response. At the planning stage, we conduct a social impact assessment and arrange for local residents to visit our operating plants. During construction, we set up a local community liaison point, control noise, and recruit from the local community. Once a plant is in operation, we open it to residents and school groups on a regular basis to demonstrate the full incineration, flue gas treatment, leachate and hazardous waste treatment processes, publish flue gas and water quality monitoring data on a continuous basis, and conduct regular household visits and community welfare programs; our overseas project companies undertake similar initiatives, including donations of environmental vehicles. Under our tiered public opinion response plan, in the event of community concerns or collective complaints, we conduct on-site verification together with the relevant government authorities, promptly publishing the underlying monitoring data and implement any rectification measures.

We have established an external donation management system and made donations to the "Qiaoyi Education Fund" and the Wangcheng Education Foundation to support community education and sports initiatives. In 2024, we also supported various social charity activities, including scholarships for impoverished students in villages around Qiaoyi Town and providing assistance to disadvantaged communities. From 2023 to 2025, our Group contributed cash and in-kind donations, raising awareness of waste sorting, and rural revitalization initiatives.

At the same time, the employee-aid "Send Warmth" scheme delivered targeted assistance to 30 staff and contract workers, while staff volunteers logged hundreds of hours in blood drives, tree-planting, flood-relief and vaccination-site support. Our Company also opened our facilities to more than 40,000 visitors, received 2,040 organized tours — earning recognitions such as "Hunan Top-10 Environmental Education Facility", the "First Batch of Provincial Ecological Environment Science Popularization Bases of Hunan Province" and the "First Batch of Environmental Protection Facilities and Urban Sewage and Garbage Treatment Facilities Open to the Public" — and ran regularly study-grant drives and sports-equipment donations for under-resourced students. Looking ahead, community welfare engagement will continue to align with local development priorities.

RISK MANAGEMENT AND INTERNAL CONTROLS

We have a risk management and internal control system designed to support the integrity, compliance, and operational resilience of our business. This system is structured around a formal organizational framework and a set of policies, procedures, and risk management methodologies tailored to the nature of our operations. The risk management component of the system enables us to identify, assess, report, and respond to risks and incidents that could materially impact our performance or expose us to legal, financial, or regulatory liabilities. It covers key areas such as legal and regulatory compliance, contract management, financial controls, construction safety, occupational health, and environmental protection. We maintain a regular reporting mechanism that includes semi-annual, and annual reports, as well as ad hoc reports in response to specific events or regulatory requirements. These reports provide oversight across all risk areas and support timely decision-making. The effectiveness of the risk management system is continuously monitored and refined.

Our internal control system complements risk management by covering a broad range of operational and financial processes. These include group-level governance, information systems, procurement and accounts payable, fixed asset management, cash handling, compensation administration, and financial reporting. We have adopted an internal control manual setting out key control procedures applicable to different business functions, and periodically review and update the relevant procedures in response to changes in our operations, business structure and overseas operations. In addition, we maintain information technology control measures, including user access management, periodic reviews of access rights and data backup procedures, to safeguard the security and integrity of our operational and financial data.

In particular, we maintain compensation, training and career development programs for our senior management, core technical personnel and key employees. We have established a performance-based compensation framework and career development system, including management and technical career tracks, to support employee retention and development. For employees engaged in production and operational functions, we provide pre-employment training, safety operation training and periodic refresher training, and require employees to complete relevant assessments before undertaking their responsibilities. We also provide specialized training for employees involved in our overseas operations and conduct periodic reviews of labor compliance matters relating to our overseas projects. Such training covers cross-border legal compliance requirements, local business practices and overseas operational matters, and we maintain records of such training and assessments. We periodically review compliance with applicable local labor laws and regulations relating to employment arrangements, compensation and benefits, working hours and leave management for our overseas projects.

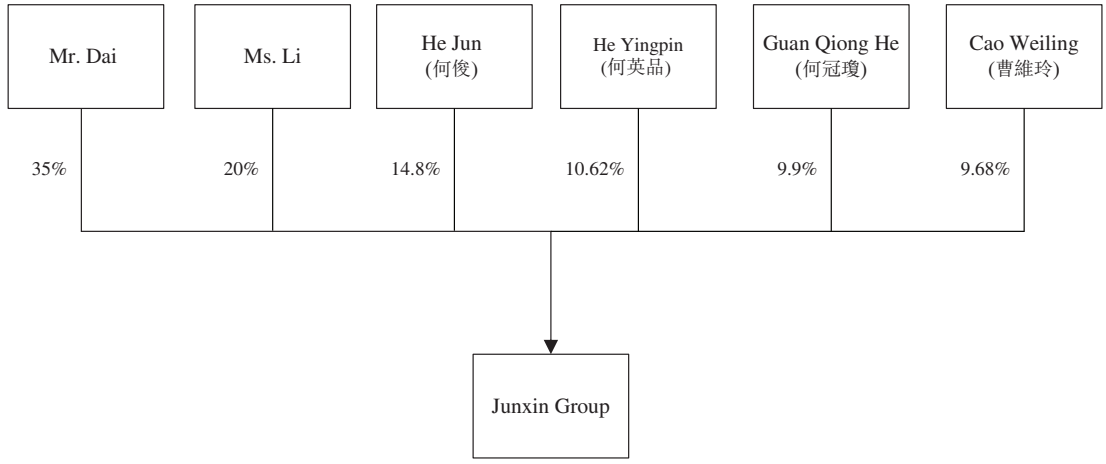
We have established legal and compliance functions and adopted compliance management policies. Major contracts, external investments and concession-related arrangements are subject to legal review procedures, and significant overseas projects are supported by external legal advisors where appropriate. Our legal review procedures cover the drafting, review, execution, filing and performance monitoring of contracts, and material contracts are recorded and tracked against key performance obligations. We also conduct regular training relating to legal and regulatory compliance, the Listing Rules, anti-bribery requirements and overseas compliance matters. We have established reporting channels for compliance-related matters and conduct periodic compliance self-assessments covering, among other areas, environmental protection, labor matters, taxation and overseas investment compliance. In addition, project investments are subject to internal review and approval procedures, while procurement, tendering and treasury management activities are subject to internal authorization and control requirements.

Management conducts periodic internal control assessments and our internal audit department performs independent audits and reports its audit findings to the Audit Committee, which monitors the implementation of corrective measures where appropriate. As part of the internal control assessment process, identified control deficiencies are evaluated and classified according to their significance, remediation plans are developed and implementation progress is monitored. Our internal audit department also tracks the remediation of identified deficiencies and evaluates the effectiveness of corrective actions.

Oversight of the entire framework is provided by our Audit Committee. This committee is responsible for monitoring the implementation of internal controls and risk management practices, independently reviewing the effectiveness of our financial reporting processes, and ensuring compliance with corporate governance standards. It also oversees the audit process and carries out other responsibilities as delegated by the Board of Directors. Our Audit Committee is also responsible for reviewing and monitoring our financial reporting procedures and internal control system. See "Directors and Senior Management — Board Committees — Audit Committee."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company is owned as to approximately 45.27% by Junxin Group. Currently, as an investment holding company, Junxin Group serves as a shareholding platform for the Shares of the Company. The equity interests of Junxin Group are directly held as to 35% by Mr. Dai, 20% by Ms. Li, 14.8% by He Jun (何俊), approximately 10.62% by He Yingpin (何英品), 9.9% by Guan Qiong He (何冠瓊) and approximately 9.68% by Cao Weiling (曹維玲), respectively. The following chart demonstrates the shareholding of Junxin Group as of the Latest Practicable Date.



Pursuant to the AIC Agreement entered into between Mr. Dai and Ms. Li, the mother-in-law of Mr. Dai, on October 12, 2020, Mr. Dai and Ms. Li acknowledged and agreed that they have acted and will continue to act in concert for all management affairs of our Group. If Mr. Dai and Ms. Li are unable to reach a consensus on relevant matters after extensive discussion, Mr. Dai's opinion shall take precedence. The AIC agreement was entered into in consideration of Ms. Li's advanced age and her limited involvement in Junxin Group's daily operations, and took effect on October 12, 2020 with an indefinite term. For details, please see the section headed "History, Development and Corporate Structure — Acting in concert" in this Document. Under the articles of association of Junxin Group, by collectively holding 55% of the equity interests, Mr. Dai and Ms. Li are able to exclusively control all ordinary resolutions requiring a simple majority. These include approvals of annual business plans, investment schemes, financial budgets, and profit distribution plans. On the other hand, the special resolutions, such as amendments to the articles, changes in registered capital, mergers, divisions, or dissolution of the company, require a two-thirds supermajority and thus depend on support from minority shareholders. Nevertheless, Mr. Dai and Ms. Li's unilateral authority over ordinary resolutions, combined with Mr. Dai's position as the sole executive director and general manager of Junxin Group, confirms their effective control over Junxin Group's general management and ordinary decision-making. As such, Mr. Dai and Ms. Li collectively control the majority equity interests and the daily management of Junxin Group. Junxin Group, Mr. Dai, Ms. Li and Daoxin Investment (Mr. Dai's controlled entity) are considered as our Controlling Shareholders.

The minority equity interests of Junxin Group are directly held as to 14.8% by He Jun (何俊), approximately 10.62% by He Yingpin (何英品), 9.9% by Guan Qiong He (何冠瓊) and approximately 9.68% by Cao Weiling (曹維玲). He Jun, Guan Qiong He and Cao Weiling is the sister, the daughter and the spouse of He Yingpin (何英品), respectively. They are not presumed to be our Controlling Shareholders because, pursuant to the Minority Shareholders' Undertakings, each of He Yingpin, He Jun, Guan Qiong He and Cao Weiling undertook not to proactively seek the de facto control of the Company or Junxin Group, including not to (1) directly or indirectly increase his/her shareholding in Junxin Group on his/her own initiative; (2) enhance his/her voting rights in Junxin Group by accepting proxies, soliciting voting rights, or entering into any concert party agreements; and (3) enter into any shareholders' voting agreements, delegate voting rights, or make other arrangements with any party other than Mr. Dai to assist such party in obtaining control over Junxin Group. The Minority Shareholders' Undertakings constitute a clear and formal renunciation of any intention on the part of He Yingpin, He Jun, Guan Qiong He and Cao Weiling to participate in the control of Junxin Group and/or the Company, and their ability to potentially block special resolutions of Junxin does not in itself equate to positive control and substantial influence over

Junxin Group and/or the Company. The undertakings have been in full force and effect throughout the Track Record Period, and the existence and observance of the Minority Shareholders' Undertakings demonstrate that He Yingpin, He Jun, Guan Qiong He and Cao Weiling do not consider themselves as part of the controlling group. There is also no arrangement among Mr. Dai, Ms. Li, He Yingpin, He Jun, Guan Qiong He and Cao Weiling to actively cooperate to obtain or consolidate control of Junxin Group and/or the Company, and there had not been in place historically any acting-in-concert agreements amongst the parties to jointly affect management and control of Junxin Group and/or the Company. Furthermore, He Yingpin, He Jun, Guan Qiong He and Cao Weiling are Independent Third Parties to Mr. Dai and Ms. Li, and thus could not be regarded as "acting in concert" for the purposes of the Takeovers Code. Therefore, despite being shareholders of Junxin Group, He Yingpin, He Jun, Guan Qiong He and Cao Weiling are not presumed to be our Controlling Shareholders.

The indirect holding of the Shares of the Company by He Yingpin, He Jun, Guan Qiong He and Cao Weiling through Junxin Group, alongside Mr. Dai and Ms. Li, stem from the historical collaboration during the early stages of the business. Mr. Dai and He Yingpin have been business partners since early 2000s. Through establishing joint venture companies, they collaborated primarily in the sectors of real estate development and road and bridge infrastructure construction. To advance into the solid waste treatment sector, Junxin Group was established in 2006 as a joint venture for this new cooperative business. Under Mr. Dai's leadership, the solid waste treatment business achieved rapid and significant growth, which strengthened the confidence of He Yingpin, He Jun, Guan Qiong He, and Cao Weiling in Mr. Dai's management of both Junxin Group and the Company. This confidence led them to remain as the minority shareholders in Junxin Group. Subsequently, following the restructurings of the businesses, Junxin Group gradually transformed into a holding platform for the Shares of the Company. For further details of the early business restructurings between Junxin Group and the Company, please see the section headed "History, Development, and Corporate Structure – Business Development Milestones" in this Document.

In light of the actual governance structure of Junxin Group and Mr. Dai's controlling position which was underpinned by the confidence of He Yingpin, He Jun, Guan Qiong He, and Cao Weiling, the AIC Agreement and the Minority Shareholders' Undertakings were executed during the preparation for the A Share Offering. These agreements served to formalize and reinforce the stability, clarity and identifiability of the controlling shareholders of Junxin Group, and, consequently, the Company.

In light of the Acquisition of Renhe, Mr. Dai and the Proxy Grantors entered into the Voting Rights Proxy Agreement and a supplemental agreement on June 26, 2023 and October 24, 2023 respectively, pursuant to which the Proxy Grantors have agreed that from the date on which the Shares were registered under the name of the Proxy Grantors and until December 31, 2027, Mr. Dai was appointed as the proxy of the Proxy Grantors to exercise in his sole discretion at the general meetings of the Company all voting rights attached to the Shares held by the Proxy Grantors. While exercising the voting rights under the Voting Rights Proxy Agreement, Mr. Dai may act in his own discretion and is not required to obtain prior consent from the Proxy Grantors. As such, Mr. Dai, through the Voting Rights Proxy Agreement, is further entitled to control the exercise of the voting rights of the Shares held by the Proxy Grantors, which is approximately 14.54% of the total issued share capital of our Company as of the Latest Practicable Date.

The Voting Rights Proxy Agreement was executed because the Proxy Grantors have confidence and faith in the leadership and management of Mr. Dai, and believe that entrusting their voting rights to Mr. Dai is aligned with the interests of our Group and Shareholders as a whole. Furthermore, the execution of the Voting Rights Proxy Agreement enhanced Mr. Dai's control over the Company after the completion of the Acquisition of Renhe.

Furthermore, as of the Latest Practicable Date, Mr. Dai is also directly interested in approximately 3.83% of the total issued share capital of our Company and indirectly interested in approximately 1.28% of our total issued share capital through being the executive partner of Daoxin Investment. Mr. Dai has control over Daoxin Investment by virtue of being its executive partner.

Accordingly, as of the Latest Practicable Date, our Controlling Shareholders, namely Mr. Dai, Ms. Li, Junxin Group and Daoxin Investment, are entitled to control approximately 64.92% of our total issued share capital. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]), our Controlling Shareholders will, directly and indirectly, continue to control in aggregate approximately [**REDACTED**]% of our total issued share capital.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Management independence

Our business is managed and conducted by our Board and senior management. Upon the [**REDACTED**], Our Board consists of five executive Directors, two non-executive Directors and four independent non-executive Directors. Our core management team is led by Mr. Leng Chaoqiang and consists of five of our senior management members, namely Mr. Leng Chaoqiang, Mr. Qin Shishun, Mr. Dai Bin, Mr. Wu Bo and Mr. Sun Jikang. Immediately following completion of the [**REDACTED**], Mr. Dai will continue to hold directorship in Junxin Group.

Notwithstanding the roles of Mr. Dai, our Directors are of the view that our Company is able to function independently from our Controlling Shareholders for the following reasons:

(i) each of our Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(ii) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see the section headed "Directors and Senior Management" in this Document;

(iii) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgement to the decision-making process of our Board;

(iv) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For further details, please refer to the paragraph headed "Corporate governance measures" in this section; and

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director is obliged to declare and fully disclose such potential conflict of interests and shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational independence

We do not rely on our Controlling Shareholders and their respective close associates for our daily operations. We have our own departments specializing in various aspects in relation to our business development, including but not limited to production planning, procurement, human resources, administration, internal audit and research and development, which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

Financial independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on the Controlling Shareholders and their respective close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by the cash and cash equivalent, financial assets at FVPL as well as the [**REDACTED**] from the [**REDACTED**].

As of the Latest Practicable Date, we did not have any outstanding loans or non-trade balances granted, guaranteed or pledged by any our Controlling Shareholders to us.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

RULE 8.10 OF THE LISTING RULES

The Controlling Shareholders and the Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

In connection with the A Share Offering, each of Mr. Dai and Junxin Group has executed a non-competition undertaking, pursuant to which each of Mr. Dai and Junxin Group undertakes that, among others:

(a) he/it does not, either individually or jointly with any entities, directly or indirectly engage in or participate in any business or activity that competes with our Company;

(b) during the period when he/it is still the controlling shareholder of our Company, he/it shall adopt legal and effective measures to ensure that he/it, or his/its controlled entities will not, in any manner, directly or indirectly engage in or participate in any business or activity that competes or may compete with our Company;

(c) during the period when he/it is still the controlling shareholder of our Company, and if he/it or his/its controlled entities identifies any business opportunity that may compete with our Company, he/it shall, at our Company's request, transfer such business opportunity to our Company; and

(d) if he/it breaches the above non-competing undertakings and causes damage to our Company, he/it shall compensate our Company for all losses incurred thereof.

The above non-competition undertakings took effect on October 12, 2020 and remain effective with an indefinite term as long as Mr. Dai and Junxin Group are the controlling shareholders of the Company.

CORPORATE GOVERNANCE MEASURES

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of implementing good corporate governance and effective internal control measures in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates:

(i) a Director with material interests shall make full disclosure in respect of any matters that conflict or potentially conflict with our interests (including transactions in which a Director has an interest in a company that will enter into an agreement with our Group) and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest;

(ii) our Board will consist of a balanced composition of executive, non-executive and not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgement in its decision-making process and provide independent advice to our Shareholders. We believe that our independent non-executive Directors, individually and together, possess the requisite knowledge and experience, and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement. They are committed to providing an impartial and external opinion to protect the interests of our public Shareholders. For further details on our independent non-executive Directors, please see the section headed "Directors and Senior Management — Independent non-executive Directors" in this Document;

(iii) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon the [**REDACTED**]. In particular, our Articles of Association provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(iv) in the event that any potential conflict of interest arises at the shareholders' level, our Controlling Shareholders shall abstain from voting in the shareholders' meeting of our Company with respect to the relevant resolution(s);

(v) we have established the Audit committee, the Remuneration and Evaluation Committee, the Strategic and ESG Committee and the Nomination Committee to assess, control and ensure that our Board is appropriately advised, as to matters relating to, among other things, our relationship with our external auditors and internal audit function, the remuneration and evaluation of our Directors and our senior management, and the composition of our Board. Our Audit Committee comprises non-executive Directors and each of our Remuneration and Evaluation Committee and Nomination Committee comprises a majority of independent non-executive Directors. In addition, the chairperson of each of our Audit Committee, Nomination Committee and Remuneration and Evaluation Committee is an independent non-executive Director. For details of our committees and their composition, please see the section headed "Directors and Senior Management — Board Committees" in this Document;

(vi) we have established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Group enters into connected transactions with our Controlling Shareholders and their respective close associates, we will comply with the applicable Listing Rules;

(vii) as required by the Listing Rules, our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders. Where our Directors reasonably request the advice of independent professionals, such as financial advisors, for this purpose, the appointment of such independent professionals will be made at our Company's expenses;

(viii) each of our Controlling Shareholders agrees to provide all information reasonably requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information; and

(ix) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or their respective close associates, and to protect minority Shareholders' interests after the [**REDACTED**].

OVERVIEW

Prior to the [**REDACTED**], our Group has entered into financing arrangements with various commercial banks in the PRC, in respect of which each of Shanghai Pudong Environmental Energy Development Co., Ltd.* (上海浦東環保能源發展有限公司) ("**Pudong Environmental Energy**") and Yonker Environmental Protection Co., Ltd.* (永清環保股份有限公司) ("**Yonker Environmental Protection**") has provided corporate guarantees. These financial assistance transactions, involving Pudong Environmental Energy and Yonker Environmental Protection will continue after the [**REDACTED**] and hence will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon [**REDACTED**].

CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon [**REDACTED**]:

Name of our connected person	Connected relationship
Pudong Environmental Energy	Pudong Environmental Energy holds 15% equity interest in Puxiang Environmental Energy and 10% equity interest in Puxiang Bioenergy, each a direct non-wholly owned subsidiary of our Company, and therefore a connected person of our Company
Yonker Environmental Protection	Yonker Environmental Protection holds 10% equity interest in Puxiang Bioenergy, a direct non-wholly owned subsidiary of our Company, and therefore a connected person of our Company

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Guarantees provided by Pudong Environmental Energy and Yonker Environmental Protection

Pudong Environmental Energy and Yonker Environmental Protection have provided guarantee ("**Connected Guarantee**") in favor of our Group in respect of certain financing arrangements entered into by our Group, which include bank facilities and issuance of letters of credit.

Pudong Environmental Energy agreed to provide guarantee for certain bank loans obtained by Puxiang Environmental Energy (a subsidiary owned as to 70% by our Group and 15% by Pudong Environmental Energy) and Puxiang Bioenergy (a subsidiary owned as to 80% by our Group and 10% by Pudong Environmental Energy), the guarantee amount of which amounts to approximately RMB112.0 million as of the Latest Practicable Date and is proportionate to Pudong Environmental Energy's respective equity interests in Puxiang Environmental Energy and Puxiang Bioenergy. The effective periods of the Connected Guarantee provided by Pudong Environmental Energy vary with the respective guarantee contracts, with the maximum term extending until September 2036.

Yonker Environmental Protection agreed to provide guarantee for certain bank loans obtained by Puxiang Bioenergy (a subsidiary owned as to 80% by our Group and 10% by Yonker Environmental Protection), the guarantee amount of which amounts to approximately RMB31.0 million as of the Latest Practicable Date and is proportionate to Yonker Environmental Protection's equity interest in Puxiang Bioenergy. The effective periods of the Connected Guarantee provided by Yonker Environmental Protection vary with the respective guarantee contracts, with the maximum term extending until April 2034.

As each of Pudong Environmental Energy and Yonker Environmental Protection is a connected person of our Company, the Connected Guarantee constitutes financial assistance (as defined under the Hong Kong Listing Rules) received by our Group from our connected persons under Rule 14A.90 of the Listing Rules. The early release of the Connected Guarantee is not in the best commercial interest of the Group and the Shareholders as a whole, thus we do not intend to discharge such guarantees prior to [**REDACTED**] and the guarantees will continue to be in effect immediately after the [**REDACTED**]. As the Connected Guarantee is conducted on normal commercial terms or better, and are not secured by the assets of our Company, the Connected Guarantee will be fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD OF DIRECTORS

Our Board currently consists of 11 Directors, including five executive Directors, two non-executive Directors, and four independent non-executive Directors. Our Board is responsible for, and has general powers for, the management and conduct of our Group's business. The table below sets forth certain information regarding our Directors:

Name	Age	Present position(s) in our Group	Roles and responsibilities in our Group	Time of joining our Group	Time of appointment as Director
Executive Directors					
Mr. Dai Daoguo (戴道國)	63	Chairman of our Board and executive Director	Responsible for overall strategic planning, major decision making and management of our Group's business development and operations	September 2011	September 2011
Mr. Leng Chaoqiang (冷朝強)	60	Executive Director and general manager	Responsible for the overall business operations and administration of our Group	September 2011	September 2011
Mr. Hu Shiti (胡世梯)	54	Executive Director	Responsible for the day-to-day management of the food waste business and domestic waste transfer business of our Group	November 2024	January 2025
Mr. Qin Shishun (覃事順)	40	Executive Director, secretary of the Board, and deputy general manager	Responsible for the securities-related matters of our Group	July 2016	August 2020
Mr. Dai Bin (戴彬)	36	Executive Director and chief financial officer	Responsible for our financial reporting, financial planning, treasury and financial control matters	July 2017	January 2025
Non-executive Directors					
Mr. He Yingpin (何英品)	62	Deputy chairman of our Board and non-executive Director	Responsible for providing strategic advice to our Board	December 2015	April 2017
Mr. Xia Liang (夏良)	35	Non-executive Director (employee representative Director)	Responsible for providing advice to our Board and safeguarding the legitimate interests of employees	July 2013	August 2025
Independent non-executive Directors					
Mr. Lan Libo (蘭力波)	49	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of our Company	August 2020	August 2020

Name	Age	Present position(s) in our Group	Roles and responsibilities in our Group	Time of joining our Group	Time of appointment as Director
Dr. Li Yi (黎毅)	61	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of our Company	August 2020	August 2020
Dr. Dai Tagen (戴塔根)	74	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of our Company	August 2020	August 2020
Ms. Chan Ka Lai Vanessa (陳嘉麗)	52	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of our Company	August 2025	August 2025

Executive Directors

Mr. Dai Daoguo (戴道國), aged 63, is the chairman of our Board, our executive Director, our strategic consultant and one of our Controlling Shareholders. He is also the chairperson of our Strategy and ESG Committee and a member of our Nomination Committee. Mr. Dai is primarily responsible for the overall strategic planning, major decision making and management of our Group's business development and operations. Mr. Dai also serves as a director of certain members of our Group, namely Junxin (Hongkong) International, Puxiang Bioenergy, Puxiang Environmental Energy and Liuyang Junxin, the general director of Junxin (Kyrgyzstan), and the general manager of Junxin (Almaty), Junxin Environmental Protection (Kazakhstan) Limited Company and Junxin (Issyk-Kul).

Mr. Dai has extensive experience in the solid waste treatment and green energy industry. Prior to founding our Group, Mr. Dai served as the chairman of the board of directors of Hunan Junxin Highway and Bridge Construction Co., Ltd.* (湖南軍信公路橋樑建設有限公司) ("**Junxin Highway and Bridge**"), a company principally engaged in the construction of highway and bridge, from February 2002 to September 2009. Mr. Dai has been the executive director and the general manager of Junxin Group, formerly named as Hunan Junxin Environmental Protection Construction Development Co., Ltd.* (湖南軍信環保建設開發有限公司) since December 2006, commencing his involvement in the solid waste treatment and green energy industry.

Mr. Dai obtained a bachelor's degree in military theory (軍事理論) from the Army Staff College (陸軍參謀學院) in the PRC in July 1996. Mr. Dai was on the shortlist of the 28th Batch of Changsha City Category B High-Level Talents (National-Level Leading Talents) (第二十八批長沙市B類高層次人才(國家級領軍人才)) recognized by the Changsha Municipality in November 2022. Mr. Dai has been a representative of the Changsha Municipal People's Congress (長沙市人大代表) since 2016.

Mr. Dai is the uncle of Mr. Dai Bin.

Mr. Leng Chaoqiang (冷朝強), aged 60, is our executive Director and the general manager of our Company. He is also a member of our Strategy and ESG Committee and our Remuneration and Evaluation Committee. Mr. Leng is primarily responsible for the overall business operations and administration of our Group. Mr. Leng also serves as a director of certain members of our Group, namely Puxiang Bioenergy, Liuyang Junxin and Renhe Environment Technology.

Mr. Leng has extensive experience in the solid waste treatment and green energy industry. Prior to joining our Group, Mr. Leng successively served as the deputy director of the administrative office and project manager of Junxin Highway and Bridge from March 2004 to March 2011.

Mr. Leng obtained a bachelor's degree in economics and management from the Correspondence College of the Central Party School of the Chinese Communist Party (中共中央黨校函授學院) in the PRC in December 1995. Mr. Leng was on the shortlist of the 28th Batch of Changsha City Category B High-Level Talents (National-Level Leading Talents) (第二十八批長沙市B類高層次人才(國家級領軍人才)) recognized by the Changsha Municipality in November 2022.

Mr. Hu Shiti (胡世梯), aged 54, is our executive Director. He is also a member of our Strategy and ESG Committee. He is primarily responsible for the day-to-day management of the food waste business and domestic waste transfer business of our Group. Mr. Hu also serves as a director of certain members of our Group, namely Renhua Environment Technology, Renhe Environmental Protection and Renhe Environment Technology.

Mr. Hu has extensive experience in the solid waste treatment and green energy industry. Prior to joining our Group, Mr. Hu has successively served as the vice general manager, general manager and director, and chairman of the board of directors of Renhe Environmental Protection since July 2004. Mr. Hu has also served as the director of Renhua Environment Technology since March 2016 and the director of Renhe Environment Technology since October 2017. Mr. Hu has been a member of Chinese People's Political Consultative Conference of Changsha (長沙市政協委員) since 2016.

Mr. Hu obtained a bachelor's degree in chemistry education from Hunan Normal University (湖南師範大學) in the PRC in July 1994.

Mr. Qin Shishun (覃事順), aged 40, is our executive Director, secretary of the Board and a deputy general manager of our Company. He is primarily responsible for securities-related matters of our Group. Mr. Qin also serves as a director of Renhe Environment Technology, a member of our Group.

Mr. Qin has extensive experience in the solid waste treatment and green energy industry. Prior to joining our Group, Mr. Qin held key administrative and project coordination roles within the Junxin Group from November 2011 to July 2016, including serving as the secretary to the general manager of the Junxin Group.

Mr. Qin obtained a bachelor's degree in public administration and a master's degree in administrative management from Xiangtan University (湘潭大學) in the PRC in June 2007 and June 2010, respectively. Mr. Qin was honored with the 2023 Golden Bull Award for Board Secretary (2023年度金牛董秘獎) by China Securities Journal* (中國證券報) in October 2024 and the 2023 Golden Lotus Award for Board Secretary (2023年度金芙蓉董事會秘書) by Hunan Province Listed Companies Association* (湖南省上市公司協會) in December 2024.

Mr. Dai Bin (戴彬), aged 36, is our executive Director and the chief financial officer of our Company. He is primarily responsible for our financial reporting, financial planning, treasury and financial control matters.

Mr. Dai Bin has extensive experience in the solid waste treatment and green energy industry. Prior to joining our Group, Mr. Dai Bin worked in the finance department of the Junxin Group from June 2014 to June 2017, with his last position as finance manager where he managed fiscal operations for solid waste projects.

Mr. Dai Bin obtained his university diploma in financial management from Hunan University of Technology and Business (湖南工商大學) in the PRC in June 2023 by way of attendance of long distance learning courses.

Mr. Dai Bin is the nephew of Mr. Dai.

Non-executive Directors

Mr. He Yingpin (何英品), aged 62, is the deputy chairman of our Board and our non-executive Director. He is also a member of our Strategy and ESG Committee and our Audit Committee. Mr. He is responsible for providing strategic advice to our Board. Mr. He also serves as a non-executive director of certain members of our Group, namely Puxiang Bioenergy and Puxiang Environmental Energy.

Mr. He has extensive experience in the solid waste treatment and green energy industry. Prior to joining our Group, Mr. He served as the vice general manager of Junxin Highway and Bridge from February 2002 to January 2008 and has been the manager of Junxin Group since December 2006, commencing his involvement in the solid waste treatment and green energy industry.

Mr. He obtained a bachelor's degree in tactics (戰術) from the Military Education Academy of the People's Liberation Army (中國人民解放軍軍事教育學院) in the PRC in July 1990.

Mr. Xia Liang (夏良), aged 35, is our non-executive Director (employee representative Director). Mr. Xia is responsible for providing advice to our Board and safeguarding the legitimate interests of employees.

Mr. Xia has extensive experience in the solid waste treatment and green energy industry. Mr. Xia joined our Group in July 2013 and has successively held several positions in our Company, including the operator of operation department, the technician of technology department, the engineer, the vice manager and the manager of our research and development center.

Mr. Xia obtained a bachelor's degree in chemical engineering and process technology from Hunan University of Science and Technology (湖南科技大學) in the PRC in July 2013. Mr. Xia was on the shortlist of the Fourth Batch of Class E Core Talents of Wangcheng District of Changsha ("長沙市望城區第四批E類骨幹人才") in 2024 and was awarded as an Outstanding Representative of Youth Innovation and Entrepreneurship Talents in Wangcheng District for the Year 2024 ("望城區2024年度青年創新創業人才優秀代表") in 2025.

Independent non-executive Directors

Mr. Lan Libo (蘭力波), aged 49, has been an independent Director since August 2020, and was redesignated as an independent non-executive Director in July 2025 with effect from the [**REDACTED**]. He is also a member of our Audit Committee, our Nomination Committee and our Remuneration and Evaluation Committee. Mr. Lan is responsible for supervising and providing independent advice on the operation and management of our Company.

Mr. Lan has extensive experience in the legal industry with focus on private practice management, including 20 years of progressive roles at Hunan Tongcheng Law Firm* (湖南通程律師事務所), where he currently serves as head of the firm.

Mr. Lan graduated with a bachelor of laws degree from Hunan Normal University (湖南師範大學) in the PRC in June 2003 and later obtained a master of laws degree from Xiangtan University (湘潭大學) in the PRC in December 2012.

Dr. Li Yi (黎毅), aged 61, has been an independent Director since August 2020, and was redesignated as an independent non-executive Director in July 2025 with effect from the [**REDACTED**]. She is also a member of our Audit Committee and Nomination Committee. Dr. Li is responsible for supervising and providing independent advice on the operation and management of our Company.

Dr. Li has extensive experience in accounting and finance education. Dr. Li has served as a faculty member at East China Jiaotong University (華東交通大學) since July 1985, with her current position as a professor of accounting since November 2004. Since June 2024, Dr. Li has also served as an independent director of Jiangxi Guoguang Commercial Chains Co., Ltd.* (江西國光商業連鎖股份有限公司), a company listed on the Shanghai Stock Exchange primarily engaging in the operation of chain supermarkets and department stores, as well as an external director of Jiangxi Provincial Architectural Design and Research Institute Group Co., Ltd.* (江西省建築設計研究總院集團有限公司), a company primarily engaging in architectural design, territorial spatial planning and engineering survey. Since July 2026, Dr. Li has also served as an independent director of Jiangxi Tungsten Rare And Precious Equipment Co., Ltd.* (江西江鎢稀貴裝備股份有限公司), a company listed on the Shanghai Stock Exchange primarily engaging in research, development, manufacturing, and sales of magnetic separation equipment.

Dr. Li obtained a bachelor's degree in statistics from Hunan University in the PRC in July 1985. Dr. Li then obtained her master's degree in accounting from Beijing Jiaotong University (北京交通大學) in April 1997 and her doctoral degree in accounting from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in December 2010.

Dr. Dai Tagen (戴塔根) aged 74, has been an independent Director since August 2020, and was redesignated as an independent non-executive Director in July 2025 with effect from the [**REDACTED**]. He is also a member of our Strategy and ESG Committee, our Nomination Committee and our Remuneration and Evaluation Committee. Dr. Dai is responsible for supervising and providing independent advice on the operation and management of our Company.

Dr. Dai has extensive experience in geological education and academic leadership. Dr. Dai has served as a faculty member at Central South University (中南大學) from August 1976 to August 2017, where he once led as the dean of the school of geosciences and environmental engineering from April 2002 to October 2010.

Dr. Dai obtained a bachelor's degree and a master's degree in geology from Central South Institute of Mining and Metallurgy (中南礦冶學院) in the PRC in August 1976 and September 1982, respectively. He then obtained his doctoral degree in engineering from Central South University (中南工業大學) in the PRC in August 1989.

Ms. Chan Ka Lai Vanessa (陳嘉麗), aged 52, has been an independent Director since August 2025 with her term of office as an independent non-executive Director taking effect from the [**REDACTED**]. She is also a member of our Audit Committee. Ms. Chan is responsible for supervising and providing independent advice on the operation and management of our Company.

Ms. Chan has extensive experience in auditing, accounting and financial management. From July 1995 to August 2005, Ms. Chan worked in KPMG Hong Kong with her last position as a senior manager. From August 2005 to February 2008, Ms. Chan worked in The Kowloon Motor Bus Company (1933) Limited (九龍巴士(一九三三)有限公司), a company principally engaged in the operation of public transportation services in Hong Kong, with her last position as an accounting manager. From November 2009 to December 2018, Ms. Chan worked in China Agri-Industries Holdings Limited (中國糧油控股有限公司), a state-owned enterprise previously listed on the Main Board of the Stock Exchange, with her last position as a financial controller.

Currently, Ms. Chan is the operating director of WA C&E Limited which is specializing in providing professional accounting, company secretarial and business advisory services in Hong Kong. She also serves as the independent non-executive director of Tycoon Group Holdings Limited (滿貫集團控股有限公司) (stock code: 3390), LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.* (樂普心泰醫療科技(上海)股份有限公司) (stock code: 2291), Hollwin Urban Operation Service Group Co., Ltd (泓盈城市運營服務集團股份有限公司) (stock code: 2529) and China Renaissance Holdings Limited (華興資本控股有限公司) (stock code: 1911), companies all listed on the Main Board of the Stock Exchange.

Ms. Chan obtained a bachelor's degree in accounting from Hong Kong Polytechnic University (香港理工大學) in Hong Kong in October 1995. Ms. Chan has been a fellow member of the Hong Kong Institute of Certified Public Accountants since March 2006 and also a member of the Association of Chartered Certified Accountants since October 2006. She is also an associate member of the Hong Kong Institute of Directors since January 2018 and The Chartered Governance Institute since September 2020.

ABOLISHMENT OF THE SUPERVISORY COMMITTEE OF THE COMPANY

Pursuant to the latest regulations of the CSRC, our Shareholders passed a resolution at our general meeting held on August 6, 2025 to abolish the supervisory committee of the Company effective immediately. Following the abolishment of the supervisory committee, the principal functions of the supervisory committee has been replaced by the Audit Committee.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of business of our Company. The following table sets forth information regarding the members of senior management of our Company:

Name	Age	Present position(s) in our Group	Roles and responsibilities in our Group	Time of joining our Group	Time of appointment as senior management
Mr. Leng Chaoqiang (冷朝強)	60	Executive Director and general manager	Responsible for the overall business operations and administration of our Group	September 2011	April 2017
Mr. Qin Shishun (覃事順)	40	Executive Director, secretary of the Board, and deputy general manager	Responsible for securities-related matters of our Group	July 2016	August 2020
Mr. Dai Bin (戴彬)	36	Executive Director and chief financial officer	Responsible for our financial reporting, financial planning, treasury and financial control matters	July 2017	November 2022
Mr. Wu Bo (吳波)	45	Deputy general manager	Responsible for the day-to-day operations of Junxin (Almaty)	April 2017	June 2017
Mr. Sun Jikang (孫紀康)	50	Deputy general manager	Responsible for the Group's production management and occupational health and safety management	July 2016	November 2022

Mr. Leng Chaoqiang (冷朝強), aged 60, is our executive Director and the general manager of our Company. Please refer to "Board of Directors — Executive directors" in this section for the details of his biography.

Mr. Qin Shishun (覃事順), aged 40, is our executive Director, the secretary of the Board and a deputy general manager of our Company. Please refer to "Board of Directors — Executive Directors" in this section for the details of his biography.

Mr. Dai Bin (戴彬), aged 36, is our executive Director and the chief financial officer of our Company. Please refer to "Board of Directors — Executive Directors" in this section for the details of his biography.

Mr. Wu Bo (吳波), aged 45, is a deputy general manager of our Company. He is primarily responsible for the day-to-day operations of Junxin (Almaty). Mr. Wu joined our Group in April 2017 and has successively held several positions in our Group, including project manager and deputy general manager of our Company, and general manager of Puxiang Environmental Energy and director of Renhe Environment Technology. Prior to joining our Group, Mr. Wu successively served different positions in Dongguan Yuefeng Environmental Power Co., Ltd.* (東莞粵豐環保電力有限公司), a company principally engaged in the waste-to-energy incineration, municipal solid waste treatment and sewage treatment, from 2012 to 2016, with his last position as the deputy general manager. Mr. Wu was qualified as a senior engineer (高級工程師) by the Hunan Provincial Human Resources and Social Security Bureau (湖南省人力資源和社會保障廳) in November 2023.

Mr. Wu obtained his university diploma in automation from Southeast University of Science and Technology (西南科技大學) in the PRC in January 2008.

Mr. Sun Jikang (孫紀康), aged 50, is a deputy general manager of our Company. He is primarily responsible for the Group's production management and occupational health and safety management. Mr. Sun joined our Group in July 2016 and has successively held several positions in our Group, including manager of the production and operation department of Puxiang Bioenergy, deputy general manager and general manager of Puxiang Bioenergy, and executive general manager of Junxin (Kyrgyzstan). Prior to joining our Group, Mr. Sun served as the manager of production and operation department of Shanghai Pucheng Thermal Power Energy Co., Ltd.* (上海浦城熱電能源有限公司), a company principally engaged in the management, removal and disposal of garbage and power supply, from February 2001 to June 2015. Mr. Sun served as the manager of safety and production preparation department of Junxin Group from July 2015 to July 2016. Mr. Sun was qualified as a senior engineer (高級工程師) by the Senior Professional and Technical Qualification Assessment Committee of State Grid Corporation of China (國家電網公司高級專業技術資格評審委員會) in December 2018.

Mr. Sun obtained his university diploma in electrical engineering and automation from Northeastern University (東北大學) in the PRC in July 2021 by way of attendance of online courses.

OTHER INFORMATION

Save as disclosed in this section and in "Statutory and General Information — 3. Further information about our Directors, chief executive and substantial shareholders" in this Document:

(1) each of our Directors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(2) each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules;

(3) none of our Directors and members of the senior management is related to other Directors and members of the senior management;

(4) each of our Director did not have any interest in our Shares within the meaning of Part XV of the SFO;

(5) each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 18, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules;

(6) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date; and

(7) each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

JOINT COMPANY SECRETARY

Mr. Qin Shishun (覃事順) has been appointed as our joint company secretary. Please refer to "Board of Directors – Executive Directors" in this section for the details of his biography.

Ms. Lai Janette Tin Yun (賴天恩) was appointed as our joint company secretary in August 2026. Ms. Lai is a senior manager of Company Secretarial Services of Vistra Group. Ms. Lai has over 14 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute, formerly known as The Hong Kong Institute of Chartered Secretaries ("**HKCGI**"), and The Chartered Governance Institute, formerly known as The Institute of Chartered Secretaries and Administrators, in the United Kingdom.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser upon the [**REDACTED**] of our Shares on the [**REDACTED**] in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and seek advice from our compliance adviser in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under Chapters 14 and/or 14A of the Listing Rules, is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results of operations deviate from any information in this Document; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of our Shares or any other matters under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the engagement will commence on the [**REDACTED**] and is expected to end on the date on which we distribute our annual report as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the [**REDACTED**], or when the appointment of Somerley Capital Limited is terminated, whichever is earlier. Such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations, the Corporate Governance Code and the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and ESG Committee.

Audit Committee

We established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and with the written terms of reference in compliance with the Corporate Governance Code. The primary duties of our Audit Committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board. Our Audit Committee currently consists of Dr. Li Yi, Mr. Lan Libo, Ms. Chan Ka Lai Vanessa and Mr. He Yingpin. Dr. Li Yi is the chairperson of our Audit Committee.

Remuneration and Evaluation Committee

We established a Remuneration and Evaluation Committee in compliance with Rule 3.25 of the Listing Rules and with the written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. Our Remuneration and Evaluation Committee currently consists of Mr. Lan Libo, Mr. Leng Chaoqiang and Dr. Dai Tagen. Mr. Lan Libo is the chairperson of our Remuneration and Evaluation Committee.

Nomination Committee

We established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and with the written terms of reference in compliance with the Corporate Governance Code. The primary duties of our Nomination Committee are to review the structure, size and composition of our Board, assess the independence of independent non-executive Directors, formulate and review the board diversity policy of our Company, and make recommendations to our Board on matters relating to the appointment of our Directors. Our Nomination Committee currently consists of Mr. Lan Libo, Mr. Dai, Dr. Dai Tagen and Dr. Li Yi. Mr. Lan Libo is the chairperson of our Nomination Committee.

Strategy and ESG Committee

We established a Strategy and ESG Committee with written terms of reference. The primary duties of the Strategy and ESG Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company. Our Strategy and ESG Committee currently consists of Mr. Dai, Mr. He Yingpin, Mr. Leng Chaoqiang, Dr. Dai Tagen and Mr. Hu Shiti. Mr. Dai is the chairperson of our Strategy and ESG Committee.

CORPORATE GOVERNANCE

Code Provision C.2.1 of the Corporate Governance Code

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Board Diversity Policy

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted a board diversity policy which sets out the objectives and approaches to achieve and maintain diversity of our Board. It provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the board diversity policy, our Nomination Committee reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors, taking into account a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. The ultimate decision of the appointment will be based on merits and the contribution which the selected candidates will bring to our Board.

Our Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the board diversity policy. Our Nomination Committee will review the board diversity policy and assess its effectiveness, and where necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval.

Our Board comprises nine male members and two female members, with five executive Directors, two non-executive Directors and four independent non-executive Directors. We consider that our Board has a balanced mix of knowledge and skills, including overall management and strategic development, engineering, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. Our independent non-executive Directors have a diverse education background and industry background in legal, accounting and environment engineering, and have obtained professional qualifications.

Taking into account our Company's business model and the background and abilities of our Directors, we believe the composition of our Board satisfies the board diversity policy. Our Company will continue to take steps to promote gender diversity at all levels of our Group, including at the senior management level. Our Company will continue to apply the principle of appointments based on merits with reference to the board diversity policy as a whole.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Company offers executive Directors and members of our senior management, who are also employees of our Company, emolument in the form of salaries, allowances, discretionary bonus and benefits in kind (if applicable). Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chair of our board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, the aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses and share incentive expense) paid to our Directors amounted to approximately RMB24.0 million, RMB17.2 million, RMB21.5 million, and RMB3.5 million, respectively.

For the years ended December 31, 2023, 2024, and 2025, the aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses and share incentive expense) paid to our then supervisors amounted to approximately RMB1.6 million, RMB1.6 million and RMB0.9 million, respectively.

Under the arrangement currently in force, we estimate the total compensation (including fees, salaries, allowances and benefits in kind, performance related bonuses and share incentive expense) before taxation to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB17.6 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, the aggregate amount of emolument (including fees, salaries, allowances and benefits in kind, performance related bonuses and share incentive expense) paid to the five highest paid individuals of our Company (including our Directors) amounted to approximately RMB23.9 million, RMB17.0 million, RMB19.8 million, and RMB3.1 million, respectively.

During the Track Record Period, no remuneration was paid to, or receivable by, our Directors or the five highest paid individuals of our Group as an inducement to join or upon joining our Company or as a compensation for loss of office in the Track Record Period. Further, none of our Directors had waived any emolument during the same period.

Except as disclosed above, no other payments have been paid, or are payable, by our Company to our Directors or the five highest paid individuals of our Company during the Track Record Period.

For further details, please see Notes 9 and 10 of the Accountants' Report set out in Appendix I to this Document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] and assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholders	Nature of Interest	Number and type of Shares[(1)]	Approximate percentage of shareholding in the relevant type of Shares immediately prior to the [REDACTED][(2)]	Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED][(3)]
Junxin Group	Beneficial owner[(4)]	357,217,304 A Shares	45.27%	[**REDACTED**]
	Interest in treasury Shares[(7)]	18,889,311 A Shares	2.39%	[**REDACTED**]
Mr. Dai	Beneficial owner[(4)]	30,256,316 A Shares	3.83%	[**REDACTED**]
	Interest in controlled corporations[(4)]	367,355,054 A Shares	46.55%	[**REDACTED**]
	Interest held through voting powers entrusted by other persons[(6)]	114,735,207 A Shares	14.54%	[**REDACTED**]
	Interest in treasury Shares[(7)]	18,889,311 A Shares	2.39%	[**REDACTED**]
Ms. Li	Interest in controlled corporations[(4)]	357,217,304 A Shares	45.27%	[**REDACTED**]
	Interest in treasury Shares[(7)]	18,889,311 A Shares	2.39%	[**REDACTED**]
Hunan Renjing	Beneficial owner[(5)]	44,010,917 A Shares	5.58%	[**REDACTED**]
	Interest in controlled corporations[(5)]	46,698,952 A Shares	5.92%	[**REDACTED**]
Hunan Renlian	Beneficial owner[(5)]	41,530,286 A Shares	5.26%	[**REDACTED**]
Hunan Renlun Technology Co., Ltd.* (湖南仁倫科技有限公司)	Interest in controlled corporations[(5)]	41,530,286 A Shares	5.26%	[**REDACTED**]
Hong Yefan (洪也凡)	Beneficial owner[(5)]	24,025,338 A Shares	3.04%	[**REDACTED**]
	Interest in controlled corporations[(5)]	90,709,869 A Shares	11.50%	[**REDACTED**]

Notes:

(1) All interests are long positions.

(2) The calculation is based on the total number of 789,100,842 A Shares in issue (including 18,889,311 treasury Shares) as of the Latest Practicable Date.

(3) The calculation is based on a total of 789,100,842 A Shares and [**REDACTED**] H Shares in issue immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be issued pursuant to the exercise of the [**REDACTED**].

(4) As of the Latest Practicable Date, Junxin Group was owned as to 35% by Mr. Dai, 20% by Ms. Li, 14.8% by He Jun (何俊), approximately 10.62% by He Yingpin (何英品), 9.9% by Guan Qiong He (何冠瓊) and approximately 9.68% by Cao Weiling (曹維玲), respectively. Pursuant to the AIC Agreement dated October 12, 2020 entered into between Mr. Dai and Ms. Li, Mr. Dai and Ms. Li undertook to act in concert and vote unanimously for all daily management affairs of Junxin Group. Pursuant to the Minority Shareholders'

Undertakings, each of He Yingpin, He Jun, Guan Qiong He and Cao Weiling undertook not to proactively seek the de facto control of the Company or Junxin Group. As such, through the AIC Agreement, Mr. Dai and Ms. Li controlled the majority equity interests, namely 55%, of Junxin Group and, by virtue of the SFO, were deemed to be interested in the A Shares held by Junxin Group. On the other hand, there is no arrangement among Mr. Dai, Ms. Li, He Yingpin, He Jun, Guan Qiong He and Cao Weiling to actively cooperate to obtain or consolidate control of Junxin Group. Therefore, despite being shareholders of Junxin Group, He Yingpin, He Jun, Guan Qiong He and Cao Weiling were not considered as controlling Junxin Group and were not deemed to be interested in the A Shares held by Junxin Group. Please refer to the section headed "Relationship with our Controlling Shareholders" for further details of the AIC Agreement and the Minority Shareholders' Undertakings.

In addition, as of the Latest Practicable Date, Mr. Dai directly held 30,256,316 A Shares and was also deemed to be interested in the 10,137,750 A Shares held by Daoxin Investment by virtue of being its sole executive partner.

(5) As of the Latest Practicable Date, Hunan Renjing held 38% of the equity interest in Hunan Renlian and acted as the executive partner of Hunan Renyi. Thus, Hunan Renjing was deemed to be interested in the 41,530,286 A Shares held by Hunan Renlian and 5,168,666 A Shares held by Hunan Renyi. The remaining 62% of the equity interest in Hunan Renlian was held by Hunan Renlun Technology Co., Ltd.* (湖南仁倫科技有限公司) ("**Renlun Technology**"). Thus, Relun Technology was deemed to be interested in the 41,530,286 A Shares held by Hunan Renlian.

Hunan Renjing and Hunan Renlun was owned as to approximately 93.98% and 40.88% by Hong Yefan. As such, Hong Yefan directly held 24,025,338 A Shares and was deemed to be interested in the 44,010,917, 41,530,286 and 5,168,666 A Shares respectively held by Hunan Renjing, Hunan Renlian and Hunan Renyi.

(6) Pursuant to the Voting Rights Proxy Agreement and the supplemental agreements, Mr. Dai is entitled to exercise the voting rights of Shares held by the Proxy Grantors, namely Hong Yefan, Hunan Renlian, Hunan Renjing and Hunan Renyi. Please refer to the section headed "Relationship with our Controlling Shareholders" in this Document for further details. As such, as of the Latest Practicable Date, Mr. Dai was deemed to be interested in the 114,735,207 A Shares held the Proxy Grantors.

(7) As of the Latest Practicable Date, there were 18,889,311 A Shares repurchased and held in our Company's stock repurchase account. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company.

Save as disclosed above and in "Appendix VI — Statutory and General Information — 3. Further Information about our Directors, chief executive and substantial shareholders — C. Disclosure of Interests" to this Document, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB789,100,842 comprising 789,100,842 A Shares (including 18,889,311 repurchased A Shares as treasury Shares) with a nominal value of RMB1.00 each, which are all listed on the Shenzhen Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
A Shares	789,100,842[(1)]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100%

Note:

(1) Including 18,889,311 repurchased A Shares which are held by our Company as treasury Shares as at the Latest Practicable Date.

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
A Shares	789,100,842[(1)]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100%

Note:

(1) Including 18,889,311 repurchased A Shares which are held by our Company as treasury Shares as at the Latest Practicable Date.

OUR SHARE

Our H Shares in [**REDACTED**] upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under Shenzhen-Hong Kong Stock Connect, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] and [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual [**REDACTED**] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the Shareholders' general meeting of our Company held on August 6, 2025 upon, among other things, the following major terms:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [**REDACTED**] initially shall not exceed [**REDACTED**]% of the total number of issued Shares as enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] and before the exercise of the [**REDACTED**]. The number of H Shares to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially pursuant to the [**REDACTED**].

(2) Method of the [REDACTED]

The method of [**REDACTED**] shall be by way of a [**REDACTED**] for [**REDACTED**] in Hong Kong and an [**REDACTED**] to institutional and professional [**REDACTED**].

(3) Target [REDACTED]

The H Shares shall be [**REDACTED**] to [**REDACTED**] in Hong Kong under the [**REDACTED**], and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to [**REDACTED**] abroad in the [**REDACTED**].

(4) [REDACTED] basis

The [**REDACTED**] of the H Shares will be determined after due consideration of, among others, the interests of existing Shareholders, the acceptance of [**REDACTED**] and the risks related to the [**REDACTED**] and in accordance with international practices through the [**REDACTED**] for [**REDACTED**] and [**REDACTED**] process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The approval is valid for 24 months from the date of passing of the resolutions at the Shareholders' general meeting of our Company held on August 6, 2025.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, refer to our Articles of Association as summarized in the section headed "Appendix V — Summary of Articles of Association" of this Document.

SHARE REPURCHASE MANDATE

On April 18, 2025, our Company convened a board meeting and approved, among other matters, a share repurchase plan (the "**2025 Share Repurchase Plan**"). Please see the "Statutory and General Information — 4. 2025 Share repurchase plan" in Appendix VI to this Document for further details.

*You should read the following discussion and analysis with our historical financial information as of and for the Track Record Period), including the notes thereto, included in the Accountants' Report in Appendix I to this Document ("**Historical Financial Information**"). The consolidated financial information has been prepared in accordance with IFRS. Potential* [**REDACTED**] *should read the whole Historical Financial Information and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments, and other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this Document, including, but not limited to, the sections headed "Risk Factors" and "Business."*

OVERVIEW

We are a company that provides specialized solutions in integrated waste treatment and resource utilization, including the investment, management, and operation of green energy and environmental services projects. According to F&S, our Changsha Environmental Protection Industrial Park, in which our main operations are situated, is among the largest integrated environmental parks in the industry in China, in terms of project scale. Such project scale is measured primarily by designed waste treatment capacity, which is the most common industry metric for benchmarking integrated environmental parks and individual treatment projects. As of the Latest Practicable Date, it housed a multitude of projects, including those in relation waste-to-energy incineration and the integrated treatment of various types of waste. Our core business comprises (i) clean waste-to-energy incineration; (ii) the treatment of various types of waste (including sludge, sewage and leachate, fly ash, and others); (iii) the interim treatment, compression, and transfer of household waste; and (iv) the collection, harmless treatment, and resource utilization of food waste. In 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 gross profit margins of 51.2%, 41.5%, 55.0% and 56.6%, respectively. During the same periods, our 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.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by the following key factors:

Market conditions and opportunities

The green technology, solid waste treatment, and resource utilization industries in China are undergoing a profound transformation, driven by national policy priorities, technological innovation, and evolving market demands. With the implementation of the "Dual Carbon" goals and the "Zero-waste City" initiative, the sector is shifting from decentralized, single-waste treatment models to integrated, multi-waste treatment systems. This transition is not only improving operational efficiency but also unlocking new value streams through the co-treatment of household waste, food waste, sludge, and leachate. We are well-positioned to thrive in this environment, as we have already adopted a vertically integrated approach that aligns with the industry's move toward full-chain solutions — from interim treatment, transfer, waste treatment, to resource utilization. Our ability to deliver stable, high-load operations and diversified revenue streams, including electricity sales, biodiesel production, and thermal energy output, enhances our resilience and profitability in a rapidly evolving market.

Looking ahead, we see significant opportunities in both domestic and international markets. Domestically, the market is maturing, with a growing emphasis on operational excellence, digitalization, and refined management. Our platforms, which combine waste-to-energy incineration with sludge and other forms of waste treatment, are designed to maximize land use efficiency and reduce per-ton treatment costs — key advantages in urban areas facing spatial

constraints. Internationally, emerging markets in Central Asia, Southeast Asia, and Africa are experiencing rapid urbanization and rising waste generation, yet still lack adequate treatment infrastructure. These regions present a substantial gap between waste volumes and treatment capacity, particularly in waste-to-energy incineration, where penetration remains low. Leveraging our proven technologies, standardized process systems, and experience in project delivery, we are well-equipped to replicate our success abroad and support the global transition toward sustainable waste management.

Moreover, the global push for renewable energy and circular economy solutions is creating new demand for advanced waste treatment technologies. Our expertise in high-efficiency incineration, sludge co-treatment, and food waste resource utilization positions us as a key enabler of green energy transformation. With supportive policy environments, access to green financing, and growing international recognition of Chinese environmental infrastructure capabilities, we are confident in our ability to expand our footprint and deliver long-term value across diverse markets.

Our business expansion efforts

Our business has expanded over the years, and our results of operations and financial condition are closely tied to the scale and growth of our project portfolio. As our capacity increases, our potential for revenue generation and service delivery expands accordingly. As of the Latest Practicable Date, we have 20 projects under our management and in our pipeline, including those under construction and at various stages of planning. We have secured exclusive concession rights for a wide range of solid waste treatment and resource utilization projects across key regions in China. In terms of overseas projects, we have signed service a concession agreement to develop a waste-to-energy project in Bishkek, Kyrgyzstan with a concession period of 35 years. Phase I of the Bishkek project had commenced operation in December 2025. As of the Latest Practicable Date, we have signed an investment agreement, followed with a service concession agreement, to develop a green energy and environmental services project in Osh City, Kyrgyzstan, and an investment agreement and service concession agreement for two similar projects in the Issyk-Kul Prefecture of Kyrgyzstan. These projects will integrate green power generation, district heating, and data computing centers to form a vertically integrated ecosystem that enhances the resource utilization of solid waste. Furthermore, in July 2025, we have entered into a memorandum of understanding, followed with an investment agreement signed in late August 2025 and a waste supply agreement and a power purchase agreement in April 2026, to develop a similar project in Almaty, Kazakhstan. As these projects commence commercial operations, we expect them to further support our future growth.

In addition to expanding the number of projects under our management, we have also broadened the scope of our services through horizontal integration. A key milestone in this diversification was the Acquisition of Renhe, which enabled us to incorporate the interim treatment, compression, and transfer of household waste, as well as the collection, harmless treatment, and resource utilization of food waste, into our service portfolio. As we continue to grow, particularly through our overseas projects, we aim to deliver fully integrated waste management services that go beyond waste-to-energy incineration.

Looking ahead, we intend to continue expanding our business by sourcing additional projects. However, we may face challenges in identifying suitable opportunities that meet our investment criteria, including expected returns. Our ability to grow also depends on our success in negotiating, bidding for, or acquiring target projects, navigating local policy and regulatory environments in new regions, and competing effectively with other market participants.

Expenses in relation to project development

All of our projects are capital intensive. For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, payment for the purchase of property, plant, and equipment and construction of public-private partnership projects amounted to RMB569.0 million, RMB920.4 million, RMB600.3 million and RMB122.3 million, respectively. Our ability to secure sufficient external financing and manage our finance costs will continue to be critical to our business development, operational performance, and overall profitability.

Government policies and pricing on state-grid electricity

Our operational performance is tied to the interplay between government support and the pricing mechanisms for our projects. The government's commitment to environmental protection has fostered a favorable regulatory environment, including mandatory purchases of renewable electricity at government-set on-grid tariffs. These tariffs, typically higher than those for conventional energy sources, directly influence our revenue from electricity sales, which has consistently represented a significant portion of our total income. However, tariff levels are subject to adjustment by pricing authorities, and we have no control over these changes. In addition to pricing, we benefit from various forms of governmental support, including preferential tax treatments and local subsidies. At the same time, evolving regulatory standards, particularly those related to emissions and pollution control, continue to shape our strategic direction. Together, these policy-driven pricing structures and government-backed incentives form a critical foundation for our business, influencing both our financial outcomes and long-term growth prospects.

Our electricity output

The amount of electricity we can sell depends on the aggregate power generation capacity of our waste-to-energy projects in operation, as well as the actual output efficiency. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, such projects had a combined household waste treatment volume of 3.2 million, 3.2 million, 3.8 million and 1.0 million tons, and had generated 1.5 billion, 1.5 billion, 1.8 billion and 0.5 billion kWh of on-grid electricity, at an efficiency of 452 kWh, 460 kWh, 486 kWh and 509 kWh of on-grid electricity per ton of household waste treated. The operational efficiency in our electricity generation is primarily influenced by the availability and quality of raw materials, and the efficiency of our machinery and equipment. Utilization may also be affected by scheduled maintenance, unplanned outages, and the ramp-up period of newly commissioned facilities.

Strategic Acquisitions

During the Track Record Period, 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. See "Business — Acquisition of Renhe." Our overall growth is driven by both organic expansion and strategic acquisitions and investments. We believe that successfully executing acquisition strategies and integrating acquired operations are major drivers of business and operational success.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRS. For the purpose of preparing the historical financial information, our Group has adopted all applicable new and revised IFRS effective for the accounting period beginning on January 1, 2026, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The accounting policies set out in Note 2 to the Accountants' Report have been applied consistently to all periods presented in the historical financial information. The historical financial information has been prepared under the historical cost basis, except for certain financial assets measured at their fair value. All intra-group transactions and balances have been eliminated on consolidation.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions and complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. When reviewing our consolidated financial statements, you should consider, amongst other things: (i) information about our material accounting policy; (ii) the judgments and other

uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Information about our material accounting policy, estimates and judgments, which are important for an understanding of our financial condition and results of operations, including any changes in accounting policy and disclosures, are set forth in detail in Note 3 to the Accountants' Report in Appendix I to this Document.

Material Accounting Policies

Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and we intend to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

Project operating rights	Concession period
Software	3-7 years
Patents and trademarks	2-18 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that we are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

We recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for our individual subsidiaries. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which we expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

We satisfied a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we performs.
- our performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- our performance does not create an asset with an alternate use to us and we have an enforceable right to payment for performance completed to date.

If none of the above conditions are met, we recognize revenue at the point in time when the performance obligation is satisfied. If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at the point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the surveyors' assessment of work performed and the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

When we provide more than one service in a service concession arrangement, the transaction price will be allocated to each performance obligation by reference to their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant.

(a) Construction service revenue

Our Group's performance in respect of construction services creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus our Group satisfies a performance obligation and recognizes revenue over time using an input method to measure progress towards complete satisfaction of the service. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. Revenue from construction services under a service concession agreement is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

(b) Sales of electricity and industrial-grade mixed oil

We recognized revenue when transfers the control over electricity and industrial-grade mixed oil to customers (i.e. goods accepted by customers)/satisfies the performance obligation in the contract.

(c) Waste treatment services, waste collection and interim treatment services and other operation services

We recognized revenue from various waste treatment services, waste collection and other operation services when the related services are rendered.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Service concession arrangements

Our Group enters into service concession arrangements with government agencies to build and/or operate waste treatment plants. Our Group recognizes the consideration for the construction services as contract assets and/or intangible assets for service concession arrangements within the scope of IFRIC 12. The related amounts are material and the application of IFRIC 12 requires significant management judgment, including the applicability of IFRIC 12 and measurement model. Please also see Note 3 of the Accountant's Report in Appendix I to this Document.

Construction contracts

Our Group recognizes the revenue from construction services over a period of time in accordance with the progress of performance. The progress of performance is determined using the input method, which is determined according to the proportion of the cumulative actual construction service costs incurred during the construction process to the estimated total construction costs; the standalone selling price of the construction services is determined on a cost plus mark up basis with reference to a prevailing market rate of gross margin applicable to similar construction services rendered. During the Track Record Period, the management believes the input other than those outsourced to our supplier would be immaterial to the construction services and therefore the standalone selling price of the construction services is close to the construction cost.

Provisions for maintenance and restoration of infrastructure under service concession arrangements

We have contractual obligations that it must fullfill as a condition of its licence to maintain or restore the infrastructure to a specified level of serviceability during or the end of the service concession arrangements. These contractual obligations to maintain infrastructure, except for any upgrade element, shall be recognized and measured in accordance with IAS 37 Provisions, contingent liabilities and contingent assets at the best estimate of the both the amount and timing of relevant expenditure that would be required to settle the present obligation and the discount rate at the end of each reporting period in the consolidated statements of financial position. Should the payments and timing to settle the expenditure differ from the estimates, the provisions recognized in the consolidated statements of financial position at the end of each reporting period and the amount to be capitalized will change.

The accounting treatment for service concession agreements

The following chart sets forth a summary of the accounting treatment for service concession arrangements and non-service concession arrangements under IFRS:

Criteria

(1) The grantor of the project controls or regulates what services we must provide with the infrastructure, to whom we must provide the service, and at what price

(2) The grantor of the project controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the service concession arrangement

Projects fulfilling all of (1) and (2)

Project with guaranteed revenue stream

Service Concession Arrangement

	Construction phase	Operation phase
Income statement	– construction revenue recognized – construction costs charged – finance income recognized	– operation revenue (service fee received/receivables less partial settlement of the receivables from services concession agreements recognized during the construction phase) recognized – finance income recognized
Statement of financial position	– the consideration for the construction service is recognized as contract assets and further recognized as receivables from services concession agreements upon completion of construction, which is an interest bearing financial assets – provisions recognized for future replacement expenditures	– receivables from services concession agreements will be settled by allocation of service fees received during the operation phase
Cash flows	– payment for construction costs is classified under investing activities – no cash flow effect for construction revenue and finance income	– service fee received is classified under operating activities

Projects with non-guaranteed revenue stream

Service Concession Arrangement

	Construction phase	Operation phase
Income statement	– construction revenue recognized – construction costs charged	– operation revenue (service fee received/receivable) recognized – amortization charge of intangible assets – amortization of expected future replacement expenditures
Statement of financial position	– the consideration for the construction service is recognized as intangible assets – provisions recognized for future replacement expenditures	– intangible assets are depreciated on a straight-line basis over the concession period – receivables from operation revenue recognized and settled during operation phase
Cash flows	– payment for construction costs is classified under investing activities – no cash flow effect for construction revenue	– service fee received is classified under operating activities

Other projects

Non-Service Concession Arrangement

	Construction phase	Operation phase
Income statement	– nil	– operation revenue (service fee received/receivable) recognized – depreciation charge of property, plant and equipment
Statement of financial position	– construction costs are capitalized as construction in progress and classified under property, plant and equipment	– upon completion of the construction, construction in progress is reclassified to the relevant categories under property, plant and equipment – cost of the infrastructure is depreciated on a straight-line basis over the estimated useful life
Cash flows	– payment for construction costs is classified under investing activities	– service fee received is classified under operating activities

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 IFRS 15. 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 or/and as an intangible asset, depending on the extent that we have an unconditional contractual right to receive cash or another financial asset.

If we have an unconditional contractual right to receive cash or another financial asset, the contract asset will be reclassified as a financial asset (i.e. receivables from service concession arrangements) upon the completion of the construction phase. While in case of TOT model, our payment made to the grantor is directly recognized as a financial asset. This financial asset is subsequently measured at amortized cost, and finance income is recognized using the effective interest method. We normally receive cash during the operation phase. A portion of the cash flows received is allocated to settle the receivables from service concession arrangements while the remaining cash flow (if any) are accounted as revenue from operation phase in accordance with IFRS 15.

In contrast, if we do not have an unconditional right to receive cash or another financial asset but receive a licence to charge users of the public service, the contract asset will be reclassified as an intangible asset upon the completion of the construction phase. While in case of TOT model, our payment made to the grantor is directly recognized as a intangible asset.Once the project enters the operation phase, we recognize revenue from operating the infrastructure, and the intangible asset is amortized using straight-line method over the service concession period.

In certain circumstances, if the consideration for construction services is paid partly by a financial asset and partly an intangible asset, it is necessary to account separately for each component of such consideration. During the Track Record Period, our projects within the scope of IFRIC 12 are either financial asset model or intangible asset model.

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.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**
Direct costs and operating expenses	(896,507)	(48.8)	(1,410,177)	(58.5)	(1,228,086)	(45.0)	(321,594)	(46.1)	(319,602)	(43.4)
Gross profit	**940,107**	**51.2**	**1,000,678**	**41.5**	**1,502,622**	**55.0**	**375,766**	**53.9**	**416,751**	**56.6**
Other revenue	107,092	5.8	107,952	4.5	117,144	4.3	28,455	4.1	24,679	3.4
Other net income	36,550	2.0	21,694	0.9	12,521	0.5	1,464	0.2	4,900	0.7
Administrative and selling expenses	(175,781)	(9.6)	(183,653)	(7.6)	(268,767)	(9.8)	(67,686)	(9.7)	(68,445)	(9.3)

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Research and development costs	(57,004)	(3.1)	(63,811)	(2.6)	(89,860)	(3.3)	(14,667)	(2.1)	(16,904)	(2.3)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	(13,095)	(0.7)	(9,924)	(0.4)	(5,686)	(0.2)	(16,653)	(2.4)	18,896	2.6
Profit from operations	**837,869**	**45.6**	**872,936**	**36.2**	**1,267,974**	**46.4**	**306,679**	**44.0**	**379,877**	**51.6**
Finance costs	(135,185)	(7.4)	(110,257)	(4.6)	(116,493)	(4.3)	(26,190)	(3.8)	(33,099)	(4.5)
Share of (loss)/profit of an associate	–	–	(167)	–	4	–	33	–	1,613	0.2
Profit before taxation	**702,684**	**38.3**	**762,512**	**31.6**	**1,151,485**	**42.2**	**280,522**	**40.2**	**348,391**	**47.3**
Income tax	(49,888)	(2.7)	(76,264)	(3.2)	(157,467)	(5.8)	(44,564)	(6.4)	(43,516)	(5.9)
Profit for the year/period	**652,796**	**35.5**	**686,248**	**28.5**	**994,018**	**36.4**	**235,958**	**33.8**	**304,875**	**41.4**

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our revenue mainly comprised (i) revenue from the sales of electricity; (ii) revenue from waste treatment services; (iii) revenue from construction services; (iv) revenue from waste interim treatment services; (v) revenue from food waste collection; and (vi) revenue from the sales of industrial-grade mixed oil.

The following table sets forth such a breakdown during the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from the sales of electricity	698,230	38.0	685,285	28.4	837,835	30.7	204,266	29.3	247,461	33.6
Revenue from waste treatment services										
– Waste incineration	*355,905*	*19.4*	*353,982*	*14.7*	*347,050*	*12.7*	*94,418*	*13.6*	*104,276*	*14.2*
– Sludge	*212,748*	*11.6*	*203,155*	*8.4*	*219,062*	*8.0*	*53,157*	*7.6*	*52,859*	*7.2*
– Sewage and leachate	*88,197*	*4.8*	*107,655*	*4.5*	*83,881*	*3.1*	*17,709*	*2.5*	*20,336*	*2.8*
– Food waste[1]	–	–	*13,136*	*0.5*	*115,614*	*4.2*	*33,460*	*4.8*	*29,744*	*4.0*
– Fly ash	*104,510*	*5.7*	*95,384*	*4.0*	*68,353*	*2.5*	*23,758*	*3.4*	*19,988*	*2.7*
– Landfill	*34,696*	*1.9*	*38,440*	*1.6*	*27,384*	*1.0*	*7,045*	*1.0*	*6,978*	*0.9*
– Others[2]	–	–	–	–	*1,287*	–	*319*	*0.1*	*413*	*0.1*
Sub-total	**796,056**	**43.4**	**811,752**	**33.7**	**862,631**	**31.6**	**229,866**	**33.0**	**234,594**	**31.9**
Revenue from household waste interim treatment and transfer services[1]	–	–	54,047	2.2	684,966	25.1	154,393	22.1	171,290	2.1
Revenue from food waste collection[1]	–	–	4,568	0.2	65,404	2.4	16,201	2.3	1,290	23.3
Revenue from sales of industrial-grade mixed oil[1]	–	–	17,280	0.7	198,730	7.3	44,421	6.4	42,281	5.7
Revenue from construction services[3]	341,563	18.6	836,939	34.7	76,283	2.8	47,000	6.7	23,624	3.2
Others[4]	765	–	984	–	4,859	0.2	1,213	0.2	1,362	0.2
Total	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**

Notes:

1. These revenue from these service lines became a part of our Group after the Acquisition of Renhe which completed in November 2024. For such reasons, the financial information presented in this table include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2025 and 2026. For the financial information relating to these projects prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the sub-section headed "— Financial information of Renhe" in this section.

2. Primarily included revenue from bottom ash treatment.

3. Revenue from construction services in these years/periods were mainly in relation to our clean waste-to-energy incineration projects and flying ash treatment project in Liuyang and Pingjiang.

4. Primarily included rental income.

In general, our total revenue increased by 31.3% from RMB1,836.6 million for the year ended December 31, 2023 to RMB2,410.9 million for the year ended December 31, 2024, and further increased by 13.3% to RMB2,730.7 million for the year ended December 31, 2025, and increased by 5.6% from RMB697.4 million for the three months ended March 31, 2025 to RMB736.4 million for the three months ended March 31, 2026.

Our revenue from sales of electricity remained stable at RMB698.2 million and RMB685.3 million for the years ended December 31, 2023, and 2024, respectively. Our revenue from sales of electricity further increased by 22.3% to RMB837.8 million for the year ended December 31, 2025, and increased by 21.1% from RMB204.3 million for the three months ended March 31, 2025 to RMB247.5 million for the three months ended March 31, 2026. Such increase was primarily due to the increased amount of electricity sold, which was partially attributable to the commencement of more clean waste-to-energy incineration projects.

Our revenue from waste treatment services remained relatively stable at RMB796.1 million, and RMB811.8 million for the years ended December 31, 2023 and 2024, respectively. Our revenue from waste treatment services further increased by 6.3% to RMB862.6 million for the year ended December 31, 2025. Such increase was primarily due to the commencement of more clean waste-to-energy incineration projects and the acquisition of Renhe. Our revenue from waste treatment services remained relatively stable at RMB229.9 million for the three months ended March 31, 2025 and RMB234.6 million for the three months ended March 31, 2026.

Our revenue from construction services increased significantly from RMB341.6 million for the year ended December 31, 2023 to RMB836.9 million for the year ended December 31, 2024, which reflected the remaining construction services from our existing projects, and the addition of construction services that were incurred for our clean waste-to-energy incineration projects in Liuyang and Pingjiang. The decreases in such revenue to RMB76.3 million for the year ended December 31, 2025, and from RMB47.0 million for the three months ended March 31, 2025 to RMB23.6 million for the three months ended March 31, 2026, which reflected the completion of construction services for the Liuyang and Pingjiang projects and that there had been no new projects being accounted for as service concession arrangements within the scope of IFRIC 12 during such period.

In light of the Acquisition of Renhe, we recorded revenue from household waste interim treatment and transfer services of RMB54.0 million for the year ended December 31, 2024, RMB685.0 million for the year ended December 31, 2025, RMB154.4 million for the three months ended March 31, 2025 and RMB171.3 million for the three months ended March 31, 2026, respectively; and from sales of industrial-grade mixed oil of RMB17.3 million for the year ended December 31, 2024, RMB198.7 million for the year ended December 31, 2025, RMB44.4 million for the three months ended March 31, 2025 and RMB42.3 million for the three months ended March 31, 2026, respectively.

Our Group recognizes revenue from construction services over time, based on the progress of work performed. Progress is measured using the input method, which compares the cumulative actual costs incurred for construction services to the total estimated construction costs. In rendering construction services, we mainly provide administrative services and hire third-party contractors to outsource most of the work regarding construction, design, supply and installation of machinery. When determining the stand-alone price of construction services, we typically apply a cost-plus basis. Most of the contracts are fixed price contracts, therefore any additional costs such as those caused by changes in salary, equipment and raw material prices during construction period would

be borne by the third-party contractors. As such, our Directors are of the view that the construction payment to third party contractors is not entitled to additional profit margin on a cost-plus basis as the cost paid to the third-party contractors has reflected prevailing market rate, and that we are only entitled to the profit attributable to the administration service performed in the course of provision of construction services. In determining the mark-up for the administration service, on which the profit attributable to the administration service was calculated based, we considered prevailing market rate of gross margin applicable to similar services rendered from comparable projects or entities providing similar services. However, as the cost in relation to our administration service only takes up a small portion of total construction costs, the profit attributable to our administration service would be immaterial, and the standalone selling price of the overall construction services is close to the construction cost; therefore, our management determined nil gross profits would be made to the overall construction services.

We also analyze the revenue generated from our individual projects. Key projects include (i) projects at our Changsha Environmental Protection Industrial Park; (ii) our Liuyang Waste-to-Energy Incineration Project; (iii) our Pingjiang Waste-to-Energy Incineration Project; (iv) our Changsha Transfer Project; and (v) our Changsha Food Waste Project.

The following table sets forth such a breakdown of our revenue during the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Projects from our Changsha Environmental Protection Industrial Park										
– *Changsha Waste-to-Energy Incineration Project (phase I)*	640,304	34.9	607,459	25.2	608,654	22.3	155,744	22.3	167,174	22.7
– *Changsha Waste-to-Energy Incineration Project (phase II)*	544,634	29.7	551,887	22.9	538,452	19.7	137,241	19.7	139,195	18.9
– *Sludge, leachate, fly ash, and others*	292,547	15.8	303,581	12.6	261,027	9.6	66,945	9.6	64,607	8.8
Liuyang Waste-to-Energy Incineration Project	–	–	–	–	92,195	3.4	22,606	3.2	27,553	3.7
Projects in Pingjiang	17,565	1.0	20,294	0.8	57,835	2.1	15,079	2.2	15,889	2.2
Changsha Transfer Project[1]	–	–	54,959	2.3	699,162	25.6	156,736	22.5	175,108	23.8
Changsha Food Waste Project[1]	–	–	35,736	1.5	383,928	14.1	96,009	13.8	88,599	12.0
Bishkek Project (phase I)[2]	–	–	–	–	13,172	0.5	–	–	34,604	4.7
Total operating revenue from our projects	**1,495,051**	**81.4**	**1,573,916**	**65.3**	**2,654,425**	**97.2**	**650,360**	**93.3**	**712,729**	**96.8**
Revenue from construction services[3]	341,563	18.6	836,939	34.7	76,283	2.8	47,000	6.7	23,624	3.2
Total revenue	**1,836,614**	**100.0**	**2,410,855**	**100.0**	**2,730,708**	**100.0**	**697,360**	**100.0**	**736,353**	**100.0**

Note:

1. These projects had only become a part of our Group after the Acquisition of Renhe which completed in November 2024. For such reasons, the financial information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2025 and 2026. For the financial information relating to these projects prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the sub-section headed "— Financial information of Renhe" in this section.

2. This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

3. Revenue from construction services in these years/periods was mainly in relation to our clean waste-to-energy incineration projects and flying ash treatment project in Liuyang and Pingjiang.

Projects at our Changsha Environmental Protection Industrial Park

Projects at our Changsha Environmental Protection Industrial Park comprise (i) Changsha Waste-to-Energy Incineration Project (phases I and II); and (ii) projects treating leachate, sludge, fly ash, solid waste, and others.

Changsha Waste-to-Energy Incineration Project (phase I)

The following table sets forth a breakdown of the operating revenue from this project for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Revenue from waste treatment services										
– *Waste incineration*	217,792	34.0	210,104	34.6	171,249	28.1	50,789	32.6	50,194	30.0
Revenue from the sales of electricity	422,504	66.0	397,284	65.4	437,405	71.9	104,955	67.4	116,980	70.0
Others[1]	8	–	71	–	–	–	–	–	–	–
Total operating revenue from this project	**640,304**	**100.0**	**607,459**	**100.0**	**608,654**	**100.0**	**155,744**	**100.0**	**167,174**	**100.0**

Note:

1. Primarily included revenue from sales of scrap materials.

The operating revenue from this project was mostly aligned with (i) the amount of waste treated; and (ii) the amount of electricity sold. For the years ended December 31, 2023, 2024, and 2025 and the three months ended March 31, 2026, this project treated 1.9 million, 1.8 million, 1.9 million, and 0.5 million tons of waste. In the same facility, we sold 844.3 million kWh, 810.2 million kWh, 894.0 million kWh, and 231.6 million kWh of electricity, respectively.

Changsha Waste-to-Energy Incineration Project (phase II)

The following table sets forth a breakdown of our operating revenue from this project for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Revenue from the sales of electricity	275,726	50.6	285,561	51.7	283,760	52.7	72,455	52.8	74,143	53.3
Revenue from waste treatment services										
– *Waste incineration*	138,113	25.4	142,583	25.9	131,322	24.4	33,324	24.3	32,975	23.7
– *Sludge*	130,795	24.0	123,743	22.4	123,370	22.9	31,462	22.9	32,077	23.0
Total operating revenue from this project	**544,634**	**100.0**	**551,887**	**100.0**	**538,452**	**100.0**	**137,241**	**100.0**	**139,195**	**100.0**

The operating revenue from this project was mostly aligned with (i) the amount of solid waste and sludge treated; and (ii) the amount of electricity sold. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, this project treated 1.3 million, 1.4 million, 1.3 million and 0.3 million tons of waste. In the same facility, we also treated 0.2 million, 0.2 million, 0.2 million and 49 thousand tons of sludge. We had sold 616.4 million kWh, 657.3 million kWh, 652.5 million kWh and 167.2 million kWh of electricity for the same periods, respectively.

Sludge, leachate, fly ash, and others

The following table sets forth a breakdown of our operating revenue from these projects for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from waste treatment services										
– *Sludge*	81,953	28.0	79,412	26.2	95,692	36.7	21,695	32.4	20,782	32.2
– *Leachate*	83,063	28.4	101,879	33.6	70,231	26.9	14,447	21.6	16,859	26.1
– *Fly ash*	104,510	35.8	95,384	31.4	67,693	25.9	23,758	35.5	19,988	30.9
– *Landfill*	22,961	7.8	26,810	8.8	27,384	10.5	7,045	10.5	6,978	10.8
Others[1]	60	0.0	96	0.0	27	0.0	–	–	–	–
Total operating revenue from this project	**292,547**	**100.0**	**303,581**	**100.0**	**261,027**	**100.0**	**66,945**	**100.0**	**64,607**	**100.0**

Note:

1. Primarily included revenue from office rental income.

During the years ended December 31, 2023, 2024, and 2025 and the three months ended March 31, 2026, this project has treated 196,000 tons, 188,000 tons, 188,000 tons and 47,000 tons of sludge, 590,000 tons, 723,000 tons, 521,000 tons and 126,000 tons of leachate, and 78,000 tons, 68,000 tons, 67,000 tons, and 17,000 tons of fly ash, respectively.

Liuyang Waste-to-Energy Incineration Project

The following table sets forth selected financial data in relation to this project for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from the sales of electricity	–	–	–	–	65,366	70.9	15,531	68.7	20,235	73.5
Revenue from waste treatment services										
– *Waste incineration*	–	–	–	–	25,906	28.1	6,862	30.4	7,003	25.4
Others[1]	–	–	–	–	923	1.0	213	0.9	315	1.1
Total operating revenue from this project	**–**	**–**	**–**	**–**	**92,195**	**100.0**	**22,606**	**100.0**	**27,553**	**100.0**

Note:

1. Primarily included revenue from sale of bottom ash.

Our Liuyang Waste-to-Energy Incineration Project commenced operation in January 2025. During the year ended December 31, 2025 and the three months ended March 31, 2026, this project treated 365,000 tons and 99,000 tons of waste, and we had sold 168.5 million kWh and 50.8 million kWh of electricity, respectively.

Projects in Pingjiang

Our projects in Pingjiang mainly comprise the Pingjiang Waste-to-Energy Incineration Project and the Pingjiang Landfill Project. The following table sets forth selected financial data in relation to those projects for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from the sales of electricity	–	–	2,122	10.4	39,054	67.5	10,497	69.6	11,107	69.9
Revenue from waste treatment services										
– *Waste incineration*	–	–	1,295	6.4	13,973	24.1	3,443	22.8	3,792	23.9
– *Landfill*	11,735	66.8	11,630	57.3	–	–	–	–	–	–
– *Sewage*	5,134	29.2	4,864	24.0	3,561	6.2	919	6.1	681	4.3
– *Other waste*	–	–	–	–	513	0.9	106	0.7	206	1.3
Others[1]	697	4.0	383	1.9	734	1.3	114	0.8	103	0.6
Total operating revenue from these projects	**17,566**	**100.0**	**20,294**	**100.0**	**57,835**	**100.0**	**15,079**	**100.0**	**15,889**	**100.0**

Note:

1. Primarily included income from biogas resource fees, equipment commissioning income, and revenue from the sale of bottom ash and scrap materials.

Our Pingjiang Waste-to-Energy Incineration Project commenced its waste-to-energy incineration functions in late 2024. For the years ended December 31, 2024 and 2025, and the three months ended March 31, 2026, 19,000 tons, 199,000 tons and 56,000 tons of waste was treated, respectively, and 5.3 million kWh, 98.1 million kWh and 27.9 million kWh of electricity was sold, respectively.

For the year ended December 31, 2025 and the three months ended March 31, 2026, we recorded no revenue from the Pingjiang Landfill Project. This was due to the commencement of the Pingjiang Waste-to-Energy Incineration Project in December 2024, after which all municipal solid waste in Pingjiang has been sent directly to the incineration facility. Incineration offers a more efficient and environmentally sustainable solution by converting waste into energy, eliminating the need for landfill disposal. In general, our Group does not allocate waste between landfill and incineration. Once a waste-to-energy facility becomes operational, the waste that is collected and transferred to our projects will be sent to waste-to-energy incineration. We do not expect to resume landfill operations in Pingjiang, and in line with our long-term strategy and government directives, all waste will continue to be transported to incineration facilities. The Pingjiang Landfill Project, developed before the incineration plant was built, is expected to remain inactive with no plans for future allocation.

Changsha Transfer Project

The following table sets forth selected financial data in relation to this project for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from waste interim treatment and transfer services	–	–	54,047	98.3	684,966	98.0	154,393	98.5	171,290	97.8
Revenue from waste treatment services										
– *Sewage*	–	–	912	1.7	10,089	1.4	2,343	1.5	2,796	1.6
Others [1]	–	–	–	–	4,107	0.6	–	–	1,022	0.6
Total operating revenue from this project [2]	**–**	**–**	**54,959**	**100.0**	**699,162**	**100.0**	**156,736**	**100.0**	**175,108**	**100.0**

Notes:

1. Primarily comprised property rental income.

2. This project became a part of our Group after the Acquisition of Renhe, which was completed in November 2024. For such reasons, the financial information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2025 and 2026. For the financial information relating to this project prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the sub-section headed "— Financial information of Renhe" in this section.

The operating revenue from this project was mostly aligned with the amount of household waste treated and transferred. For the years ended December 31, 2024, and 2025, and the three months ended March 31, 2026, this project treated and transferred 0.3 million, 3.3 million, and 0.8 million tons of household waste, respectively.

Changsha Food Waste Project

The following table sets forth selected financial data in relation to this project for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from the collection of food waste	–	–	4,568	12.7	65,404	17.0	16,201	16.8	15,741	17.8
Revenue from waste treatment services	–	–								
– *Food waste*	–	–	13,136	36.8	115,614	30.1	33,460	34.9	29,744	33.5
Revenue from the sales of industrial-grade mixed oil	–	–	17,280	48.4	198,730	51.8	44,421	46.3	42,281	47.7
Revenue from the sales of electricity	–	–	318	0.9	3,678	1.0	828	0.9	498	0.6
Others [1]	–	–	434	1.2	502	0.1	1,099	1.1	335	0.4
Total operating revenue from this project [2]	**–**	**–**	**35,736**	**100.0**	**383,928**	**100.0**	**96,009**	**100.0**	**88,599**	**100.0**

Notes:

1 Primarily included revenue generated from the sale of scrap materials.

2. This project became a part of our Group after the Acquisition of Renhe, which was completed in November 2024. For such reasons, the financial information presented in this table will include those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to this project prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see the sub-section headed "— Financial information of Renhe" in this section.

The operating revenue from this project was mostly aligned with the amount of food waste collected and treated. For the years ended December 31, 2024 and 2025, and the three months ended March 31, 2026, this project treated 39,000 tons, 414,000 tons and 91,000 tons of food waste, respectively, it had also sold 2,849 thousand tons, 30,702 thousand tons and 6,564 thousand tons of industrial-grade mixed oil, and 0.8 million kWh, 9.2 million kWh and 1.3 million kWh of electricity.

Bishkek Project (phase I)

The following table sets forth selected financial data in relation to this project for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue from the sales of electricity	–	–	–	–	8,572	65.1	–	–	24,498	70.8
Revenue from waste treatment services										
– *Waste incineration*	–	–	–	–	4,600	34.9	–	–	10,106	29.2
Total operating revenue from this project	**–**	**–**	**–**	**–**	**13,172**	**100.0**	**–**	**–**	**34,604**	**100.0**

Our Bishkek Project (phase I) commenced operation in December 2025. For the one month ended December 31, 2025, and the three months ended March 31, 2026, this project treated 39,000 tons and 98,000 tons of waste, and we had sold 17.1 million kWh and 50.5 million kWh of electricity, respectively.

Direct costs and operating expenses

Our direct costs and operating expenses mainly include a range of expenditures necessary to carry out our operations and deliver treatment services. These costs typically comprise depreciation and amortization, direct materials, and staff costs. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, our direct costs and operating expenses represented 48.8%, 58.5%, 45.0%, 46.1% and 43.4% of our total revenue, respectively.

The following table sets forth a breakdown of our direct costs and operating expenses by nature for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Depreciation and amortization	281,695	31.4	309,078	21.9	633,576	51.7	155,630	48.4	166,768	52.2
Direct materials	86,565	9.7	68,748	4.9	93,510	7.6	20,020	6.2	21,467	6.7
Staff cost	60,597	6.8	69,131	4.9	234,713	19.1	52,584	16.4	55,727	17.4
Maintenance expenses	55,636	6.2	55,227	3.9	60,448	4.9	18,168	5.6	19,745	6.2
Direct costs in relation to construction services	341,563	38.0	836,939	59.4	76,283	6.2	47,000	14.6	23,624	7.4

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Others[1]	70,451	7.9	71,054	5.0	129,556	10.5	28,192	8.8	32,271	10.1
Total	**896,507**	**100.0**	**1,410,177**	**100.0**	**1,228,086**	**100.0**	**321,594**	**100.0**	**319,602**	**100.0**

Note:

1. Primarily included fuel expenses, vehicle usage expenses, sewage treatment fee, property management fee, safety production expense, water and electricity costs, transportation expenses, and others.

Our direct costs and operating expenses mainly include (i) depreciation and amortization; (ii) staff cost; and (iii) direct materials. In particular, the increase in our depreciation and amortization, and staff costs, for the year ended December 31, 2024 and 2025, was primarily due to the increase in machinery and equipment, and the number of staff members, as a result of the Acquisition of Renhe. Our direct costs and operating expenses also include direct costs in relation to construction services, the fluctuation of which were mostly in line with the progress of our projects' construction. For instance, the addition of construction services that were incurred from our clean waste-to-energy incineration projects in Liuyang and Pingjiang, which continued in the year ended December 31, 2024. The decreases for the year ended December 31, 2025 and between the three months ended March 31, 2025 and 2026, reflected the remaining construction services incurred, and that there had been no new projects being accounted for as service concession arrangements within the scope of IFRIC 12 during the period.

We also analyze the direct costs and operating expenses incurred by our individual projects. The following table sets forth such a breakdown during the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Projects from our Changsha Environmental Protection Industrial Park										
– *Changsha Waste-to-Energy Incineration Project (phase I)*	225,314	25.1	214,592	15.2	215,177	17.5	53,583	16.7	50,184	15.7
– *Changsha Waste-to-Energy Incineration Project (phase II)*	168,017	18.7	150,654	10.7	150,072	12.2	37,729	11.7	36,655	11.5
– *Sludge, leachate, fly ash, and others*	150,419	16.9	145,559	10.4	144,986	11.8	34,329	10.6	33,825	10.6
Liuyang Waste-to-Energy Incineration Project	–	–	–	–	55,001	4.5	7,354	2.3	16,032	5.0
Projects in Pingjiang	11,194	1.2	13,505	1.0	40,549	3.3	8,632	2.7	9,630	3.0
Changsha Transfer Project[1]	–	–	28,786	2.0	321,725	26.2	79,957	24.9	82,621	25.9
Changsha Food Waste Project[1]	–	–	20,142	1.4	221,473	18.0	53,010	16.5	49,859	15.6
Bishkek Project (phase I)[2]	–	–	–	–	2,820	0.2	–	–	17,172	5.4
Total direct costs and operating expenses incurred by our projects	**554,944**	**61.9**	**573,238**	**40.7**	**1,151,803**	**93.8**	**274,594**	**85.4**	**295,978**	**92.6**
Direct costs in relation to construction services	341,563	38.1	836,939	59.3	76,283	6.2	47,000	14.6	23,624	7.4
Total	**896,507**	**100.0**	**1,410,177**	**100.0**	**1,228,086**	**100.0**	**321,594**	**100.0**	**319,602**	**100.0**

Notes:

1. These projects had only become a part of our Group after the Acquisition of Renhe, which was completed in November 2024. For such reasons, the financial information presented in this table includes those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to this project prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, please see "— Financial information of Renhe" in this section.

2. This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

In general, once a project commences, operational inefficiencies and setup costs may tend to result in higher unit costs. With passage of time, the operations of our projects would become more refined, leading to increased efficiency as well as a a gradual decrease in direct costs and operating expenses. Moreover, our direct costs and operating expenses increased between the years ended December 31, 2024 and 2025 as a result of the Acquisition of Renhe.

Gross profit and gross profit margin

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, our overall gross profits had reached RMB940.1 million, RMB1,000.7 million, RMB1,502.6 million, RMB375.8 million, and RMB417.6 million, and our projects had achieved operating gross profit margins of 62.9%, 63.6%, 56.6%, 57.8% and 58.5%, respectively.

We also analyze the our gross profit and gross profit margin from our individual projects. The following table sets forth such a breakdown during the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*%*	*(RMB'000)*	*%*
Projects from our Changsha Environmental Protection Industrial Park										
– *Changsha Waste-to-Energy Incineration Project (phase I)*	414,990	64.8	392,867	64.7	393,477	64.6	102,161	65.6	116,990	70.0
– *Changsha Waste-to-Energy Incineration Project (phase II)*	376,617	69.2	401,233	72.7	388,380	72.1	99,512	72.5	102,540	73.7
– *Sludge, leachate, fly ash, and others*	142,128	48.6	158,022	52.1	116,041	44.5	32,616	48.7	30,782	47.6
Liuyang Waste-to-Energy Incineration Project	–	–	–	–	37,194	40.3	15,252	67.5	11,521	41.8
Projects in Pingjiang	6,372	36.3	6,789	33.5	17,286	29.9	6,447	42.8	6,259	39.4
Changsha Transfer Project[1]	–	–	26,173	47.6	377,437	54.0	76,779	49.0	92,487	52.8
Changsha Food Waste Project[1]	–	–	15,594	43.6	162,455	42.3	42,999	44.8	38,740	43.7
Bishkek Project (phase I)[2]	–	–	–	–	10,352	78.6	–	–	17,432	50.4
Total operating gross profits from our projects	***940,107***	***62.9***	***1,000,678***	***63.6***	***1,502,622***	***56.6***	***375,766***	***57.8***	***416,751***	***58.5***
Gross profits and gross profit margins in relation to construction services[3]	–	–	–	–	–	–	–	–	–	–
Overall gross profits and gross profit margins	**940,107**	**51.2**	**1,000,678**	**41.5**	**1,502,622**	**55.0**	**375,766**	**53.9**	**416,751**	**56.6**

Notes:

(1) The gross profits generated from projects had only become a part of our Group after the Acquisition of Renhe, which was completed in November 2024. For such reasons, the financial information presented in this table includes those for the one month ended December 31, 2024, the year ended December 31, 2025, and the three months ended March 31, 2026. For the financial information relating to this project prior to the date of the Acquisition of Renhe since the beginning of the Track Record Period, see "— Financial information of Renhe" in this section.

(2) This project was signed in 2024 with the Bishkek City Government and commenced operation in December 2025.

(3) Gross profits from construction services were determined on a cost-plus basis, taking into account factors such as comparable projects during the relevant periods. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, the gross profits attributable to our inputs (calculated using the gross profit margins of such comparable projects) were immaterial. As a result, no gross profits were recorded for construction services during these periods.

The following table sets forth a breakdown of our net profit/(loss) attributable[(1)] to each project for the periods indicated:

	Year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Projects from our Changsha Environmental Protection Industrial Park										
– *Changsha Waste-to-Energy Incineration Project (phase I)*	294,458	43.6	302,966	42.3	311,597	30.4	79,509	31.7	89,750	29.6
– *Changsha Waste-to-Energy Incineration Project (phase II)*	266,007	39.4	273,467	38.2	268,897	26.2	65,969	26.3	74,022	24.4
– *Sludge, leachate, fly ash, and others*	120,428	17.8	119,072	16.7	83,504	8.2	27,193	10.8	23,397	7.7
Liuyang Waste-to-Energy Incineration Project[(2)]	(6,017)	(0.9)	(6,789)	(0.9)	6,325	0.6	10,634	4.2	4,613	1.5
Projects in Pingjiang	824	0.1	5,836	0.8	(962)	(0.1)	2,464	1.0	1,680	0.6
Changsha Transfer Project	–	–	14,159	2.0	253,120	24.7	39,778	15.9	59,476	19.6
Changsha Food Waste Project	–	–	6,238	0.9	102,063	10.0	25,399	10.1	50,139	16.5
Bishkek Project (phase I)	–	–	–	–	6,152	0.6	–	–	5,023	1.7
Total	**675,700**	**100.0**	**714,949**	**100.0**	**1,030,696**	**100.0**	**250,946**	**100.0**	**308,100**	**100.0**

Notes:

1. Net profit/(loss) attributable to each project represents net profit/(loss) earned or incurred by each project company, excluding central administration costs (inclusive of directors' emoluments), share of loss/profit of an associate, interests income on bank deposits, loan to a related party and other financial assets and other net income, and related income tax derived from above unallocated items.

2. For the year ended December 31, 2023 and 2024, net loss attributable to Liuyang Waste-to-Energy Incineration Project were mainly from administrative expense that were not qualified to be capitalised as construction cost during the construction phase.

Other revenue

Our other revenue mainly comprised (i) interest income on bank deposit; (ii) finance income from service concession arrangements; (iii) interest income from other financial assets; (iv) VAT deduction and refund; and (v) government grants mainly relating to unconditional incentives and subsidies provided by local authorities in China to support our research and development efforts. Our other revenue represented 5.8%, 4.5%, 4.3%, 4.1%, and 3.4% of our total revenue for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, respectively.

Regarding our VAT super deduction and refund, a policy was introduced in 2019, which allowed general VAT taxpayers, whose revenue from certain services that made up more than 50% of their total sales, to claim an extra 10% deduction on input VAT. In 2023, such deduction rate was reduced to 5% and the policy was ended on December 31, 2023. Additionally, under a policy issued in 2021, our revenue from electricity sales, industrial-grade mixed oil, waste treatment, and waste collection qualified for VAT refunds ranging from 70% to 100%.

The following table sets forth a breakdown of our other revenue for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Interest income on bank deposit	14,757	13.8	10,073	9.4	8,797	7.5	2,602	9.2	872	3.5
Interest income on a loan to a related party	–	–	34	–	397	0.3	98	0.3	30	0.1
Interest income on loan to a third party	–	–	–	–	–	–	–	–	3,414	13.8
Finance income from service concession arrangements	20,835	19.5	19,793	18.3	17,109	14.6	4,649	16.3	4,038	16.4
Interest income from other financial assets	17,431	16.2	21,525	19.9	15,343	13.1	4,521	15.9	3,416	13.8
VAT super deduction and refund	50,782	47.4	54,304	50.3	66,546	56.8	15,610	54.9	11,559	46.8
Other government grants	3,287	3.1	2,223	2.1	8,952	7.7	975	3.4	1,350	5.6
Total	**107,092**	**100.0**	**107,952**	**100.0**	**117,144**	**100.0**	**28,455**	**100.0**	**24,679**	**100.0**

In particular, our interest income on bank deposits decreased during the Track Record Period, primarily because we deployed an increasing portion of our cash in structured deposits and certificates of deposit to enhance investment returns. Our interest income from other financial assets, which mainly comprised interest income from certificates of deposit and entrusted loans, decreased from the year ended December 31, 2024 onwards, primarily due to the decrease of investment returns from such products.

We recorded interest income on a loan to a third party in the three months ended March 31, 2026, primarily due to the collection of previously credit-impaired loans to a third parties acquired from Renhe Group.

Other net income

Our other net income comprised (i) investment income and net fair value changes on financial assets at FVPL which typically refers to income earned from holding structured deposits; and (ii) exchange gain/(loss). Our other net income represented 2.0%, 0.9%, 0.5%, 0.2%, and 0.7% of our total revenue for the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our other net income for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Investment income and net fair value changes on financial assets at FVPL	34,692	94.9	18,936	87.2	15,616	124.7	3,876	264.8	5,574	113.7
Foreign exchange gain/(loss)	(561)	(1.5)	1,510	7.0	(2,995)	(23.9)	(2,214)	(151.3)	(2,893)	(59.0)
Others[(1)]	2,419	6.6	1,248	5.8	(100)	(0.8)	(198)	(13.5)	2,219	45.3
Total	**36,550**	**100.0**	**21,694**	**100.0**	**12,521**	**100.0**	**1,464**	**100.0**	**4,900**	**100.0**

Note:

1. Primarily included gain or loss on disposal of assets.

During the Track Record Period, our fluctuation in investment income and net fair value changes on financial assets at FVPL was relatively minor, with the exception with the decline from RMB21.7 million for the year ended December 31, 2024 to RMB12.5 million for the year ended December 31, 2025, primarily due to the decline in yields for structured deposits.

Fluctuations in our foreign exchange gain/(loss) during the Track Record Period were primarily driven by typical movements in the foreign exchange rate between the respective functional currencies of the entities within our Group and other currencies. During the Track Record Period, this was mostly due to JPY-denominated borrowing in relation to Renhe. This introduced greater exposure to foreign exchange rate volatility.

We believe that gains from asset disposals are inherently sporadic and incidental in nature. Our Group's disposal of fixed assets did not occur evenly across the Track Record Period, which had led to variations in income between reporting periods. Additionally, fluctuations in the market recovery prices for obsolete materials may also impact the amount of income recognized from asset disposals.

Administrative and selling expenses

Our administrative and selling expenses mainly comprised staff costs and office expenses. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, our administrative and selling expenses represented 9.6%, 7.6%, 9.8%, 9.7% and 9.3% of our total revenue, respectively.

The following table sets forth a breakdown of our administrative and selling expenses for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Staff cost	89,256	50.8	86,093	46.9	149,315	55.5	38,922	57.5	41,472	60.5
Share-based payment expense	7,228	4.1	3,984	2.2	1,575	0.6	517	0.8	–	–
Office expenses	24,709	14.1	23,011	12.5	33,019	12.3	7,903	11.7	7,705	11.3
Professional fees	9,463	5.4	20,393	11.1	9,756	3.6	2,566	3.8	730	1.1
Depreciation and amortization	4,503	2.6	5,486	3.0	10,385	3.9	2,662	3.9	3,110	4.5
Other tax and surcharges	33,642	19.1	36,599	19.9	48,005	17.9	11,875	17.6	11,413	16.7
Others[(1)]	6,980	3.9	8,087	4.4	16,712	6.2	3,241	4.7	4,015	5.9
Total	**175,781**	**100.0**	**183,653**	**100.0**	**268,767**	**100.0**	**67,686**	**100.0**	**68,445**	**100.0**

Note:

1. Primarily included vehicle expenses, energy costs, maintenance costs, and others.

Our general and administrative expenses increased during the Track Record Period primarily due to (i) the awards to employees and Directors on business development; and (ii) the Acquisition of Renhe and increase on base of staff compensation for the year ended December 31, 2024.

Our staff costs had increased steadily throughout the Track Record Period, primarily due to (i) we have actively expanded our workforce to attract and retain top talent, reflecting our strategic emphasis on building a larger team, which had also led to increase in office expenses to accommodate an expanded team; (ii) for the years ended December 31 2023 and 2024, we undertook a company-wide restructuring of our compensation framework; and (iii) incremental staff cost increases as a result of the Acquisition of Renhe. This restructuring introduced reforms to both promotion pathways and salary progression. Notably, for the same roles, the salary increments were enhanced, and the pay increases associated with promotions became more substantial. These changes represented our commitment to align our remuneration practices with market standards and rewarding career advancement within our Group.

Our share-based payment expenses moderately declined over the Track Record Period, primarily due to the structure of our equity incentive scheme. The scheme was offering restricting share units ("**RSUs**") which were designed with staggered vesting, meaning that eligible participants receive their entitlements in batches over different service periods. The total expense is allocated across these batches, and within each batch's respective vesting period, the expense is recognized on a straight-line basis. As a result, in the earlier years, we had to simultaneously recognize expenses for several batches with shorter vesting periods, leading to higher overall share-based payment costs. In later years, as fewer batches remained to be vested, the total expense naturally declined. No share-based payment expense was recognized for the three months ended March 31, 2026 because the equity incentive scheme expired in September 2025 and no RSUs remained outstanding thereafter.

Our professional fees increased in the year ended December 31, 2024, primarily due to advisory costs associated with the Acquisition of Renhe. Most of the intermediary fees (such as those paid to financial advisers, legal counsel, and other professional service providers) were incurred in 2024, resulting in an increase in professional expenses for that year.

R&D expenses

Our R&D expenses mainly comprised direct materials and staff costs. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, our R&D expenses represented 3.1%, 2.6%, 3.3%, 2.1% and 2.3% of our total revenue, respectively.

The following table sets forth a breakdown of our R&D expenses for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Direct materials	18,407	32.3	21,558	33.8	24,964	27.8	5,834	39.8	3,274	19.4
Staff cost	20,427	35.8	25,498	40.0	38,841	43.2	5,599	38.2	7,826	46.3
Others[1]	18,170	31.9	16,755	26.2	26,055	29.0	3,234	22.0	5,804	34.3
Total	**57,004**	**100.0**	**63,811**	**100.0**	**89,860**	**100.0**	**14,667**	**100.0**	**16,904**	**100.0**

Note:

1. Primarily included utility costs, amortization, and other related expenses.

Our R&D expenses increased during the Track Record Period primarily due to (i) Acquisition of Renhe, and (ii) remuneration and performance reform, resulting from increase on compensation base, as stated in the description of the fluctuation in our administrative and selling expenses.

Impairment losses under ECL model, net of reversal

During the Track Record Period, we had impairment losses under ECL model, net of reversal, which represented 0.7%, 0.4%, 0.2%, and 2.6% of our total revenue. In general, our impairment loss under ECL model increased which reflected (i) the increase in the balance of trade receivables and contract assets; and (ii) increase in ECL loss rate due to longer trade receivables turnover days resulted in increase in trade receivables balance aged over one year.

Finance costs

Our finance costs mainly comprised interest on bank loans and other borrowing. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, our finance expenses represented 7.4%, 4.6%, 4.3%, 3.8%, and 4.5% of our total revenue, respectively.

The following table sets forth our finance costs for the periods indicated:

	Years ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Interest on bank loans and other borrowings	104,547	77.3	76,087	69.0	84,646	72.7	26,170	99.9	21,462	64.8
Interest on lease liabilities	380	0.3	350	0.3	315	0.3	79	0.3	96	0.3
Unwinding of discount on provisions	30,479	22.6	43,553	39.5	40,587	34.8	8,052	30.8	11,541	34.9
Total interest expense	**135,406**	**100.2**	**119,990**	**108.8**	**125,548**	**107.8**	**34,301**	**131.0**	**33,099**	**100.0**
Less: interest expense capitalized into operating rights under construction	(221)	(0.2)	(9,733)	(8.8)	(9,055)	(7.8)	(8,111)	(31.0)	–	–
Total	**135,185**	**100.0**	**110,257**	**100.0**	**116,493**	**100.0**	**26,190**	**100.0**	**33,099**	**100.0**

Income tax expense

Our income tax expenses represented 2.7%, 3.2%, 5.8%, 6.4%, and 5.9% of our total revenue for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, respectively. For the same periods, our effective tax rates were 7.1%, 10.0%, 13.7%, 15.9%, and 12.5%, respectively.

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, our Group's subsidiaries in Hong Kong, Kazakhstan, and Mongolia did not generate any assessable profits and therefore incurred no income tax expenses.

In the PRC, the statutory corporate income tax rate of 25% was applied to most of our Group's subsidiaries unless specific preferential treatments were available. Several entities within our Group qualified for the "3+3 Tax Holiday" under the PRC Enterprise Income Tax Law, which grants a full exemption from income tax for the first three years of operation followed by a 50% reduction for the next three years. Other entities of our Group were recognized as enterprises engaged in environmental pollution control facility maintenance and were eligible for a reduced tax rate of 15% from January 1, 2019 and January 1, 2023. Notably, Puxiang Bioenergy, Renhe Protection, and Renhe Technology were recognized as high-technology enterprises, entitling to a preferential 15% tax rate during their respective qualifying periods. Our Group also benefited from a 10% revenue deduction when calculating taxable income for sales of electricity generated by biogas and industrial-grade mixed oil. Other tax reliefs included a direct 10% income tax deduction on qualifying environmental protection equipment purchases.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three months ended March 31, 2025 compared to the three months ended March 31, 2026

Revenue

In general, our total revenue remained relatively stable at RMB697.4 million for the three months ended March 31, 2025 and RMB736.4 million for the three months ended March 31, 2026. During the same period, our revenue attributable to Renhe increased from RMB252.7 million for the three months ended March 31, 2025 to RMB263.7 million for the three months ended March 31, 2026, primarily due to increase of revenue generated Changsha Transfer Project.

In terms of the operating revenue from our projects:

- *Changsha Waste-to-Energy Incineration Project (phase I)*: Our revenue increased by 7.3%, from RMB155.7 million to RMB167.2 million; this was mainly attributable to improved electricity generation efficiencies and increased waste treatment volume.

- *Changsha Waste-to-Energy Incineration Project (phase II)*: Our revenue remained relatively stable at RMB137.2 million and RMB139.2 million.

- *Sludge, leachate, fly ash, and others*: Our revenue remained relatively stable at RMB66.9 million and RMB64.6 million.

- *Liuyang Waste-to-Energy Incineration Project*: Our revenue increased by 21.9% from RMB22.6 million for the three months ended March 31, 2025, to RMB27.6 million for the three months ended March 31, 2026, primarily due to a lower base in the prior period, during which the project was undergoing trial production, followed by a successful production ramp-up upon entering formal operations in 2026.

- *Projects in Pingjiang*: Our revenue remained relatively stable at RMB15.1 million and RMB15.9 million.

- *Bishkek Project (phase I)*: Our revenue recorded RMB34.6 million for the three months ended March 31, 2026, primarily driven by the commencement of operation and electricity generation in late 2025.

- *Changsha Transfer Project*: Our revenue increased by 11.7% from RMB156.7 million for the three months ended March 31, 2025 to RMB175.1 million for the three months ended March 31, 2026, primarily due to the increased volume of household waste treated and transferred.

- *Changsha Food Waste Project*: Our revenue decreased by 7.7% from RMB96.0 million for the three months ended March 31, 2025 to RMB88.6 million for the three months ended March 31, 2026, primarily due to the decreased volume of food waste treated and the decreased sales volume of industrial-grade mixed oil.

Direct costs and operating expenses

Our direct costs and operating expenses remained relatively stable at RMB321.6 million for the three months ended March 31, 2025 and RMB319.6 million for the three months ended March 31, 2026.

Gross profit and gross profit margin

Our overall gross profit increased by 10.9%, from RMB375.8 million for the three months ended March 31, 2025 to RMB417.6 million for the three months ended March 31, 2026; this increase primarily reflected the incremental gains in our operational efficiencies. Our overall gross profit margin increased from 53.9% to 56.6%, which was mainly attributable to the improved profitability of our waste-to-energy projects driven by higher electricity revenue following the commencement of formal operation of the turbine expansion project and lower operating costs after the completion of heating surface optimization works.

In contrast, our operating gross profit margins were 57.8% and 58.5%, respectively.

In terms of the operating gross profit from our projects:

- *Changsha Waste-to-Energy Incineration Project (phase I)*: Our gross profit increased by 14.5% from RMB102.2 million and RMB117.0 million, primarily due to (i) the increased revenue driven the increased waste treatment volume and electricity output after the turbine expansion project commenced operation; and (ii) the decreased operating costs after the completion of the heating surface optimization works. Our gross profit margin increased from 65.6% to 70.0%, respectively.

- *Changsha Waste-to-Energy Incineration Project (phase II)*: Our gross profit remained relatively stable at RMB99.5 million and RMB102.5 million. Our gross profit margin remained relatively stable at 72.5% and 73.7%, respectively.

- *Sludge, leachate, fly ash, and others*: Our gross profit remained relatively stable at RMB32.6 million and RMB30.8 million. Our gross profit margin remained relatively stable at 48.7% and 47.6%, respectively.

- *Liuyang Waste-to-Energy Incineration Project*: Our gross profit decreased by 24.5%, from RMB15.3 million to RMB11.5 million, primarily attributable to the full-period depreciation and amortization recognized after construction-in-progress was transferred to property, plant and equipment in the three months ended March 31, 2025. Our gross profit margin decreased from 67.5% to 41.8% in the relevant period because of the same reason.

- *Projects in Pingjiang*: Our gross profit remained relatively stable at RMB6.4 million and RMB6.3 million. Our gross profit margin decreased from 42.8% to 39.4%.

- *Bishkek Project (phase I)*: Our gross profit was RMB17.4 million for the three months ended March 31, 2026 but nil for the three months ended March 31, 2025, primarily driven by the commencement of commercial operations and electricity generation in late 2025. Our gross profit margin was 50.4% for the three months ended March 31, 2026.

- *Changsha Transfer Project*: Our gross profit increased by 20.5% from RMB76.8 million to RMB92.5 million, and our gross profit margin increased from 49.0% to 52.8%, primarily due to economies of scale from the increased treatment and transfer volume.

- *Changsha Food Waste Project*: Our gross profit decreased by 9.9% from RMB43.0 million to RMB38.7 million, in line with the decreased revenue, while our gross profit margin remained relatively stable at 44.8% and 43.7%, respectively.

Other revenue

Our other revenue decreased by 13.3%, from RMB28.5 million for the three months ended March 31, 2025 to RMB24.7 million for the three months ended March 31, 2026, primarily due to the decrease in our average bank deposit balance as we deployed more cash into structured deposits, the reduced principal amount of bank certificates of deposits and entrusted loans.

Other net income

Our other net income increased by 234.7%, from RMB1.5 million for the three months ended March 31, 2025 to RMB4.9 million for the three months ended March 31, 2026, primarily due to the continued growth in the transaction volume of our structured deposits and the average amount of such products.

Administrative and selling expenses

Our administrative and selling expenses remained relatively stable at RMB67.7 million for the three months ended March 31, 2025 and RMB68.4 million for the three months ended March 31, 2026.

R&D expenses

Our R&D expenses increased by 15.3%, from RMB14.7 million for the three months ended March 31, 2025 to RMB16.9 million for the three months ended March 31, 2026, primarily due to the increase in staff costs and other staff-related expenses, such as travel expenses, resulting from the increased number of R&D projects at the trial preparation stage.

Finance costs

Our finance costs increased by 26.4%, from RMB26.2 million for the three months ended March 31, 2025 to RMB33.1 million for the three months ended March 31, 2026, primarily due to the increased unwinding of discount on provisions, as more concession projects entered into operation and replacement obligations increased accordingly.

Income tax

Our income tax remained relatively stable at RMB44.6 million for the three months ended March 31, 2025 and RMB43.5 million for the three months ended March 31, 2026.

Net profit

Based on the reasons above, we achieved a net profit of RMB236.0 million and RMB304.9 million for the three months ended March 31, 2025 and 2026, respectively, at a net profit margin of 33.8% and 41.4%, respectively.

Year ended December 31, 2025 compared to the year ended December 31, 2024

Revenue

In general, our total revenue increased by 13.3%, from RMB2,410.9 million for the year ended December 31, 2024, to RMB2,730.7 million for the year ended December 31, 2025; this increase was primarily due to the Acquisition of Renhe, as revenue generated from the Changsha Transfer Project and Changsha Food Waste Project were recorded a part of the revenue generated by our Group since December 1, 2024.

In terms of the operating revenue from our projects, with the exception of those that had not become a part of our Group before the Acquisition of Renhe:

- *Changsha Waste-to-Energy Incineration Project (phase I):* Our revenue remained relatively stable at RMB607.5 million and RMB608.7 million; this was mainly attributable to the increased revenue generated from the significant increased on-grid electricity sales volume and waste treatment volume, which partially offset by the impact of adjustments to relevant industry policies, as a result of which the government conducted a one-off settlement of the preferential benefits enjoyed by our relevant operating projects under applicable policies.

- *Changsha Waste-to-Energy Incineration Project (phase II):* Our revenue remained relatively stable at RMB551.9 million for the year ended December 31, 2024 and RMB538.5 million for the year ended December 31, 2025.

- *Sludge, leachate, fly ash, and others:* Our revenue decreased by 14.0% from RMB303.6 million for the year ended December 31, 2024 to RMB261.0 million for the year ended December 31, 2025. Such decrease was primarily attributable to (i) the decreased leachate treatment volume; and (ii) the decreased revenue from fly ash treatment resulting from a one-off settlement of preferential benefits enjoyed under applicable policies following adjustments to relevant industry policies.

- *Liuyang Waste-to-Energy Incineration Project:* Our revenue recorded RMB92.2 million for the year ended December 31, 2025, primarily due to commencement of operation in early 2025.

- *Projects in Pingjiang:* Our revenue increased significantly from RMB20.3 million to RMB57.8 million, primarily due to commencement of the Pingjiang Waste-to-Energy Incineration Project in generating and selling on-grid electricity in late 2024.

Direct costs and operating expenses

Our direct costs and operating expenses decreased by 12.9%, from RMB1,410.2 million for the year ended December 31, 2024, to RMB1,228.1 million for the year ended December 31, 2025. This was attributable to a decrease in direct costs and operating expenses in relation to construction services, reflecting the remaining construction services incurred and that there had been no new projects being accounted for as service concession arrangements within the scope of IFRIC 12 during the period. This decrease was partially offset by an increase in direct costs and operating expenses incurred by our projects, mainly due to (i) the Acquisition of Renhe, as costs incurred by the Changsha Transfer Project and Changsha Food Waste Project were recorded as costs incurred by our Group since December 1, 2024, (ii) commencement of operation of our Liuyang Waste-to-Energy Incineration Project and (iii) commencement of electricity production at our Pingjiang Waste-to-Energy Incineration Project.

Gross profit and gross profit margin

Our overall gross profit increased by 50.2%, from RMB1,000.7 million for the year ended December 31, 2024, to RMB1,502.6 million for the year ended December 31, 2025, primarily due to the Acquisition of Renhe. Our overall gross profit margin increased from 41.5% to 55.0%, which was mainly attributable to an overall decrease in construction services. In contrast, our operating gross profit margins were 63.6% and 56.6%, respectively.

In terms of the operating gross profit from our projects, with the exception of those that had not become a part of our Group before the Acquisition of Renhe:

- *Changsha Waste-to-Energy Incineration (phase I)*: Our gross profit remained relatively stable at RMB392.9 million and RMB393.5 million. For the same periods, such efficiency was at 445 kWh and 470 kWh of on-grid electricity generated per each ton of solid waste treated, respectively. Our gross profit margin remained relatively stable at 64.7% and 64.6%, respectively.

- *Changsha Waste-to-Energy Incineration (phase II)*: Our gross profit remained relatively stable at RMB401.2 million and RMB388.4 million. Our gross profit margin remained relatively stable at 72.7% and 72.1%, respectively.

- *Sludge, leachate, fly ash, and others*: Our gross profit decreased by 26.6% from RMB158.0 million to RMB116.0 million. Our gross profit margin decreased from 52.1% to 44.5%. Such decreases were primarily attributable to (i) the decreased wastewater treatment volume; and (ii) the decreased revenue from fly ash treatment resulting from a one-off settlement of preferential benefits enjoyed under applicable policies following adjustments to relevant industry policies.

- *Liuyang Waste-to-Energy Incineration Project*: Our gross profit was RMB37.2 million for the year ended December 31, 2025 but nil for the year ended December 31, 2024 primarily due to the commencement of commercial operations and electricity generation in early 2025. Our gross profit margin was 40.3% for the year ended December 31, 2025.

- *Projects in Pingjiang*: Our gross profit increased significantly from RMB6.8 million for the year ended December 31, 2024 to RMB17.3 million for the year ended December 31, 2025, as it was ramped up treatment volume of the Pingjiang Waste-to-Energy Incineration Project since its commencement. Our gross profit margin for this project remained relatively stable at 33.5% and 29.9%, respectively.

Other revenue

Our other revenue increased from RMB108.0 million for the year ended December 31, 2024 to RMB117.1 million for the year ended December 31, 2025 primarily due to additional VAT refund from business of Renhe Group.

Other net income

Our other net income decreased from RMB21.7 million for the year ended December 31, 2024 to RMB12.5 million for the year ended December 31, 2025, primarily due to the decline in yields for structured deposits.

Administrative and selling expenses

Our administrative and selling expenses increased by 46.3%, from RMB183.7 million for the year ended December 31, 2024, to RMB268.8 million for the year ended December 31, 2025, primarily due to the Acquisition of Renhe.

R&D expenses

Our R&D expenses increased by 40.8%, from RMB63.8 million for the year ended December 31, 2024 to RMB89.9 million for the year ended December 31, 2025, due to our increased R&D efforts and partially due to the additional R&D work undertaken as a result of the Acquisition of Renhe.

Finance costs

Our finance costs remained relatively stable at RMB110.3 million for the year ended December 31, 2024, and RMB116.5 million for the year ended December 31, 2025.

Income tax

Our income tax increased significantly, from RMB76.3 million for the year ended December 31, 2024, to RMB157.5 million for the year ended December 31, 2025; this increase was primarily due to higher taxable profits.

Net profit

Based on the reasons above, we achieved a net profit of RMB686.2 million and RMB994.0 million for the year ended December 31, 2024 and 2025, at a net profit margin of 28.5% and 36.4%, respectively.

Year ended December 31, 2024 compared to the year ended December 31, 2023

Revenue

In general, our total revenue increased by 31.3% from RMB1,836.6 million for the year ended December 31, 2023 to RMB2,410.9 million for the year ended December 31, 2024; this increase was primarily due to an increase in revenue from construction services in relation to our clean waste-to-energy incineration projects in Liuyang and Pingjiang and the Acquisition of Renhe.

In terms of the operating revenue from our projects, with the exception of those that had not become a part of our Group before the Acquisition of Renhe:

- *Changsha Waste-to-Energy Incineration Project (phase I):* Our revenue decreased by 5.1% from RMB640.3 million to RMB607.5 million. This decrease was primarily due to slightly lowered waste volumes, from 1.9 million tons to 1.8 million tons, and a decrease in the amount of on-grid electricity sold, from 844.3 million kWh to 810.2 million kWh.

- *Changsha Waste-to-energy Incineration Project (phase II):* Our revenue remained relatively stable at RMB544.6 million and RMB551.9 million.

- *Sludge, leachate, fly ash, and others:* Our revenue remained relatively stable at RMB292.5 million and RMB303.6 million.

- *Projects in Pingjiang:* Our revenue remained relatively stable at RMB17.6 million and RMB20.3 million.

Direct costs and operating expenses

Our direct costs and operating expenses increased by 57.3%, from RMB896.5 million for the year ended December 31, 2023, to RMB1,410.2 million for the year ended December 31, 2024; this reflected the remaining construction services from our existing projects, with the addition of construction services that were incurred for our clean waste-to-energy projects in Liuyang and Pingjiang, combined with the increased direct costs and operating expenses due to the Acquisition of Renhe.

Gross profit and gross profit margin

Our overall gross profit increased by 6.4%, from RMB940.1 million for the year ended December 31, 2023, to RMB1,000.7 million for the year ended December 31, 2024; this increase primarily reflected the incremental gains in our operational efficiencies. For the same years, our overall gross profit margin had decreased from 51.2% to 41.5%, which was mainly attributable to construction services. In contrast, our operating gross profit margins remained relatively stable at 62.9% and 63.6%, respectively.

In terms of the operating gross profit from our projects, with the exception of those that had not become a part of our Group before the Acquisition of Renhe:

- *Changsha Waste-to-Energy Incineration Project (phase I):* Our gross profit decreased by 5.3%, from RMB415.0 million to RMB392.9 million; this decrease was primarily due to slightly lowered waste treatment volumes and the amount of on-grid electricity generated. Our gross profit margin remained relatively stable at 64.8% and 64.7%, primarily due to an improved electricity generation efficiencies. For the same periods, such efficiency was at 436 kWh and 445 kWh of on-grid electricity generated per each ton of solid waste treated, respectively.

- *Changsha Waste-to-Energy Incineration Project (phase II):* Our gross profit increased by 6.5%, from RMB376.6 million to RMB401.2 million; this increase was primarily due to improved electricity generation efficiencies. For the same periods, such efficiency was at 475 kWh and 482 kWh of on-grid electricity generated per each ton of solid waste treated, respectively. Our gross profit margin remained relatively relatively stable at 69.2% and 72.7%.

- *Sludge, leachate, fly ash, and others:* Our gross profit remained relatively stable at RMB142.1 million and RMB158.0 million. Our gross profit margin also remained relatively stable at 48.6% and 52.1%.

- *Projects in Pingjiang:* Our gross profit remained relatively stable at RMB6.4 million and RMB6.8 million. Our gross profit margin also remained relatively stable at 36.3% and 33.5%.

Other revenue

Our other revenue remained relatively stable at RMB107.1 million for the year ended December 31, 2023, and RMB108.0 million for the year ended December 31, 2024.

Other net income

Our other net income decreased by 40.7% from RMB36.6 million for the year ended December 31, 2023, to RMB21.7 million for the year ended December 31, 2024 primarily due to decrease in our investment income and net fair value changes on financial assets at FVPL.

Administrative and selling expenses

Our administrative and selling expenses remained relatively stable at RMB175.8 million for the year ended December 31, 2023, and RMB183.7 million for the year ended December 31, 2024.

R&D expenses

Our R&D expenses increased by 11.9%, from RMB57.0 million for the year ended December 31, 2023, to RMB63.8 million for the year ended December 31, 2024, primarily due to (i) higher staff costs along with an expanded R&D team as a result of the Acquisition of Renhe, and (ii) increase on the number of R&D projects.

Finance costs

Our finance costs decreased by 18.4%, from RMB135.2 million for the year ended December 31, 2023, to RMB110.3 million for the year ended December 31, 2024, primarily due to loan repayments, as well as, further declines in market interest rates.

Income tax

Our income tax increased by 52.9%, from RMB49.9 million for the year ended December 31, 2023, to RMB76.3 million for the year ended December 31, 2024, primarily due to the expiration of preferential tax policies previously enjoyed by certain subsidiaries.

Net profit

Based on the reasons above, we achieved a net profit of RMB686.2 million and RMB652.8 million for the years ended December 31, 2024, and 2023, at a net profit margin of 28.5% and 35.5%, respectively.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP

Current assets and current liabilities

The following table sets forth the components of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of March 31,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*
Current assets					
Inventories	28,049	36,293	41,473	42,110	43,816
Contract assets	26,384	25,667	26,294	32,735	12,640
Financial assets at fair value through profit or loss ("**FVPL**")	814,065	547,269	1,377,480	1,502,424	1,175,624
Other financial assets	153,312	137,649	459,089	492,088	50,179
Prepayments, trade and other receivables	920,771	2,002,761	1,939,201	2,056,882	2,217,980
Income tax recoverable	–	–	1,768	28,745	18,069
Restricted cash	8,915	13,422	13,448	12,585	9,443
Cash and cash equivalents	861,370	1,444,006	1,219,757	1,220,907	1,091,246
Total current assets	**2,812,866**	**4,207,067**	**5,078,510**	**5,388,476**	**4,618,997**
Current liabilities					
Trade and other payables	424,094	1,261,949	619,436	485,681	488,073
Contract liabilities	281	5,700	2,625	5,748	21,740
Bank loans and other borrowings	490,871	482,365	502,887	494,887	499,143
Lease liabilities	1,001	981	440	445	426
Income tax payable	22,076	53,523	34,712	50,295	13,604
Total current liabilities	**938,323**	**1,804,518**	**1,160,100**	**1,037,056**	**1,022,986**
Net current assets	**1,874,543**	**2,402,549**	**3,918,410**	**4,351,420**	**3,596,011**

Inventories

Our inventories primarily consist of raw materials (such as slaked lime) to be used in our operations, finished goods (such as the industrial-grade mixed oil from the Changsha Food Waste Project), other materials. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	27,626	35,260	40,946	41,440
Finished goods	–	246	217	372
Other materials	423	787	310	298
Total	**28,049**	**36,293**	**41,473**	**42,110**

Our inventories increased by RMB8.3 million, or by 29.6% from RMB28.0 million as of December 31, 2023 to RMB36.3 million as of December 31, 2024, primarily due to an increase in raw materials. Our inventories increased by 14.3% from RMB36.3 million as of December 31, 2024 to RMB41.5 million as of December 31, 2025, primarily due to an increase in raw materials. Our inventories remained relatively stable at RMB42.1 million as of March 31, 2026.

The following table sets forth our inventory turnover days for the years indicated:

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
		(in days)		
Inventory turnover days[(1)]	9.5	8.2	11.4	11.8

Note:

(1) Calculated using the average of opening and closing balances of the inventories for such periods divided by direct costs and operating expenses for the relevant periods and multiplied by 360 days for the full year and 90 days for the three-month period.

The following sets forth an aging analysis of our inventory as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
				(RMB'000)
Within 1 year	16,006	18,803	19,533	20,788
1-2 years	5,882	7,440	8,468	8,155
Over 2 years	6,161	10,050	13,472	13,166
Total	**28,049**	**36,293**	**41,473**	**42,109**

The increase in inventory of raw materials and the lengthening of inventory turnover days during the Track Record Period primarily reflected the operational needs of our projects. The raw materials held in inventory (such as lime, activated carbon, and spare parts) are considered essential for ensuring the stable operation of our production lines and timely maintenance of our equipment. For production-related materials like lime, cement, and activated carbon, these are consumables directly used in the waste treatment and power generation process. Their recoverable value is closely linked to the pricing of electricity and waste disposal services. As long as the company continues to operate normally, with stable and secured electricity tariffs, the net realizable value of these materials typically exceeds their cost, resulting in a low risk of write down. In terms of spare parts for maintenance, the Group operates multiple production lines and must maintain a reserve of

critical and easily worn components to ensure uninterrupted operations. The usage of these parts depends on the condition of the equipment, and their consumption cycle can be uncertain. While some parts may remain unused temporarily, they are not subject to impairment risk. These items are not intended for external sale, and their value is tied to the continued use of the equipment they support. Provided there are no upgrades in technical standards or equipment replacements, the spare parts remain usable. Most of the inventory is aged within two years, and the equipment is in good working condition, further supporting the low risk of impairment.

Overall, the increase in inventory and turnover days reflects our approach to operational readiness and its commitment to maintaining production stability, rather than inefficiencies or excess stock. We believe there is no material impairment issue for our inventories as of March 31, 2026. Our inventory is primarily consumed through internal operation and production instead of external sales. These inventories does not have a defined shelf life and remain fully compatible with our production process and production equipment. We adopted a centralized bulk procurement strategy securing significant volume discounts, keeping our carrying costs below current market prices. Consequently, the amount of inventory impairment is in material during the Track Record Period and we believe there is no material impairment issues for our inventory.

As of July 31, 2026, RMB8.5 million or 20.1% of our inventories as of March 31, 2026, had been sold or utilized.

Financial assets at FVPL

Our financial assets at FVPL mainly consist of structured deposits. Our financial assets at FVPL decreased by 32.8% from RMB814.1 million as of December 31, 2023 to RMB547.3 million as of December 31, 2024, primarily due to the commencement of operations of our clean waste-to-energy incineration projects in Liuyang and Pingjiang, and our structured deposits were disposed to provide capital to support such Projects. As of December 31, 2025, our financial assets at FVPL increased by 151.7% to RMB1,377.5 million, primarily due to the purchase of structured deposits based on our Group's treasury strategy. As of March 31, 2026, our financial assets at FVPL increased by 9.1% to RMB1,502.4 million, primarily due to the purchase of structured deposits based on our treasury strategy.

Our Group has established comprehensive investment policies and strategies for financial assets measured at FVPL with a strong emphasis on capital preservation and alignment with operational needs. All investment activities must ensure the safety of funds and be matched to our future cash flow plans to avoid any disruption to core business operations. Investments are limited to products issued by reputable financial institutions such as large commercial banks and national joint-stock banks, and are primarily short- to medium-term in nature. The strategic objective is to enhance capital efficiency, providing stable financial support for our principal business rather than engaging in long-term speculative investments.

To regulate the use of funds and cash management across projects, our Group has implemented the Financial Derivatives Management Policy, Cash Management Guideline, and Fund Management Guideline, which collectively define the requirements for fund allocation and oversight, including project-related arrangements. In addition, our investment management system, which is applicable to both our Group and our subsidiaries, governs the evaluation, initiation, feasibility study, and execution of investment projects, including those involving concession arrangements.

Our internal control mechanism is robust and multi-layered. A tiered authorization and approval process is strictly enforced, requiring prior approval for all investment decisions. The finance department maintains a detailed cash management ledger to track investment amounts, durations, expected yields, fund allocations, and redemption dates, with dynamic oversight. Regular reporting to senior management is mandated, and our internal audit team conducts periodic reviews to ensure compliance, procedural integrity, and fund security. The finance team comprises professionals with extensive experience in corporate treasury management and market analysis, and external financial advisors are engaged when evaluating complex products.

Our Board plays an active role in overseeing investment activities. It reviews and approves relevant policies, grants annual authorization limits to management, and must approve any investments exceeding those limits. The Board's audit committee performs key supervisory functions, and the Board ensures timely, accurate, and complete disclosure of significant investment activities in accordance with applicable laws and our articles of association. Notably, such investments do require our Board's prior approval.

Our Directors also confirm that the investment in these assets after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Prepayment, trade and other receivables

The following table sets forth our prepayment, trade, and other receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	809,491	1,858,999	1,820,215	1,948,971
Less: loss allowance	(43,006)	(55,553)	(61,634)	(72,169)
	766,485	1,803,446	1,758,581	1,876,802
Bills receivables	10,861	–	–	–
Receivables arising from service concession arrangements	236,275	219,595	202,120	197,617
Prepayments	85,498	72,458	14,498	24,302
Prepayment of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT recoverable	112,039	158,758	130,070	123,290
Amounts due from related parties	–	6,139	6,540	–
Other receivables and deposits	2,317	2,589	2,627	3,297
Less: loss allowance for other receivables	(194)	(425)	(3,438)	(521)
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Less: Non-current portion				
– Receivables arising from service concession arrangements	(221,111)	(202,486)	(183,181)	(178,193)
– Prepayment for purchase of other property, plant and equipment	(71,399)	(57,313)	(1,817)	(5,139)
Current portion	**920,771**	**2,002,761**	**1,939,201**	**2,056,882**

The amounts due from the related party have been fully settled as of March 31, 2026.

Our prepayments mainly represent prepayments for purchase of other property, plant and equipment, electricity and fuel expense.

Our trade receivables primarily comprise receivables from waste treatment services, as well as electricity sales from waste incineration. As of December 31, 2024, the majority of our trade receivable were concentrated among government-related entities and state-owned enterprises. These receivables are closely tied to the fiscal health and payment cycles of local governments and state-owned enterprises, which are beyond our scope of control.

Our trade receivables increased by RMB1,036.9 million, or by 135.3% from RMB766.5 million as of December 31, 2023 to RMB1,803.4 million as of December 31, 2024, mainly due to the Acquisition of Renhe. As of December 31, 2025, our trade receivables remained relatively stable at RMB1,758.6 million. The growth rate had moderated, indicating an improvement in the fiscal tightening and payment delays. As of March 31, 2026, our trade receivables remained relatively stable at RMB1,876.8 million.

We believe that the aging structure of our trade receivables remained relatively stable, with the majority of balances aging falling within one year.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	720,923	1,666,170	1,528,018	1,581,766
1 to 2 years	45,562	134,110	227,558	292,038
2 to 3 years	–	3,166	1,193	1,196
3 to 4 years	–	–	1,812	1,795
4 to 5 years	–	–	–	7
	766,485	**1,803,446**	**1,758,581**	**1,876,802**

Our contractual credit terms granted to customers have remained unchanged during the Track Record Period. The majority of our trade receivables is attributable to services fees from our government customers. Our contracts generally provide for a credit period of 15 to 30 days for services fee contracts; in practice, service fees from our government customers are settled through their annual budgetary and treasury payment process so that actual settlement takes substantially longer than the contractual credit period. The remaining of our trade receivables mainly comprise electricity fees and renewable energy tariff subsidies from the state grid which are settled monthly upon verification of on-grid volumes and central disbursement, respectively. The observed changes in aging were primarily due to shifts in local government fiscal allocations, which led to longer payment cycles. The difficulties we have encountered are limited to delays in settlement: service fee payments depend on the local fiscal budget and are affected by local fiscal conditions and annual budget adjustments, and the historical central renewable energy subsidy is disbursed through a national approval process whose timing is outside our control, which has resulted in a build-up of subsidy receivables. Both are common across the industry, and our customers have continued to settle amounts due, without any dispute or refusal to pay. Our credit policy remains conservative and consistent. While we have not formally extended or relaxed our contractual credit terms, we have in practice accommodated settlement beyond the agreed credit periods by our government and state-owned enterprise customers, taking into account their governmental background, their track record of settling amounts past due, and our long-term business relationships with them. Where amounts remain outstanding beyond the contractual credit period, our designated personnel and senior management communicate with the relevant customer to confirm and agree on the amount of unpaid service fees. As our government customers settle service fees out of their annual fiscal budgets, our fees are collected through government payment procedures. For service fees covered by the customer's approved budget for the relevant year, we submit payment applications on a monthly basis, and the customer reviews such applications and settles the fees out of that budget. Where the customer's approved budget for the year has been fully utilized, the unpaid fees remain due and payable to us under the relevant contracts; in such cases, at our request, the customer applies to the relevant fiscal authority, through the government's internal budgetary procedures, for a supplementary allocation for the current year or for the unpaid fees to be provided for in its budget for the following year, and we continue to track and follow up on such amounts until they are settled. We also follow up with the grid company on settlement and subsidy disbursement, and link collection results to the performance appraisal of the relevant departments. Our major customers are government departments and large state-owned enterprises with strong credit profiles, which significantly reduces the risk of systemic bad debts. While the collection cycle has lengthened, we consider our exposure to credit and payment collection risk to be manageable, primarily because (i) substantially all of our trade receivables aged over one year were settled within the following year — of our trade receivables aged between one and two years as of December 31, 2023 and 2024,

approximately 93.1% and 99.1%, respectively, had been settled by the end of the following financial year, while trade receivables aged over two years accounted for less than 0.2% of our total trade receivables as of each of December 31, 2023, 2024 and 2025 and March 31, 2026; (ii) as of July 31, 2026, RMB778.6 million, or 40.0%, of our trade receivables as of March 31, 2026 had been subsequently settled; and (iii) we assess our customers' credit quality carefully and regularly, taking into account their business background, the general risks associated with their industries, their financial position, past experience and other factors, and our dedicated internal teams closely monitor the credit profiles and operating and financial conditions of our customers and take appropriate proactive follow-up actions to ensure payments are made as scheduled.

The following table sets forth our trade receivables turnover days for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
	(in days)			
Trade receivables turnover days[(1)]	137.5	199.2	242.5	230.3

Note:

(1) Calculated using the average of opening and closing balances of the trade receivables for such periods divided by the total revenue for the relevant periods and multiplied by 360 days for the full years and 90 days for the three-month period.

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, our trade receivable turnover was 137.5 days, 199.2 days, 242.5 days, and 230.3 days respectively. The increase in 2024 was mainly attributable to the Acquisition of Renhe, in essence, while Renhe's full-year receivables were included in the turnover calculation, only revenue for the one month ended December 31, 2024 was consolidated. The trade receivables turnover days of Renhe were 165.9 days, 253.9 days, 325.8 days and 368.2 days in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively. Importantly, our trade receivables structure is aligned with industry norms. According to F&S, waste-to-energy operators typically record receivables comprising fees from local governments for the services provided and renewable energy fees that are settled through grid companies, with the former often extending beyond 180 days due to fiscal appropriation procedures, while renewable energy tariff subsidies may also remain outstanding for over 180 days due to the relevant settlement and fund allocation process. This pattern is not company-specific but a sector-wide practice, supported by government policies and fiscal arrangements. We believe that our Group's core customers (i.e., municipal authorities and state-owned grid companies) are highly creditworthy, with no history of default or litigation against them. We also strive to maintain a provisioning policy and we actively monitor our receivables to ensure financial stability. Given the strategic importance of the environmental protection industry in China and the improving macroeconomic and fiscal environment, we consider the credit and payment collection risk associated with our receivables to be manageable.

As of July 31, 2026, RMB778.6 million, or 40.0% of our trade receivables as of March 31, 2026 have been subsequently settled.

As of July 31, 2026, RMB223.2 million, or 21.1% of the trade receivables attributable to Renhe as of March 31, 2026 have been subsequently settled.

Trade and other payables

Our trade and other payables comprise mainly payables related to construction projects, equipment procurement, consulting and technical services, repair materials and services, and raw materials and consumables. These obligations reflect both capital expenditures during project development and routine operational expenses.

The following table sets forth our trade and other payables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Equipment and construction	239,141	314,694	332,160	273,253
– Others[1]	51,969	115,207	101,673	81,923
	291,110	429,901	433,833	355,176
Other taxes payable	24,413	17,630	16,190	17,900
Payroll payables	47,364	70,588	85,548	30,284
Performance guarantee from suppliers	8,287	30,203	30,138	28,421
Payable for BOT project investment	52,564	51,047	50,578	50,578
Acquisition payable	–	661,043	2,000	2,000
Amount due to an associate	–	1,500	1,500	–
Others[2]	356	26,537	23,757	19,450
	424,094	1,288,449	643,544	503,809
Less: Non-current portion				
– Amount due to an associate	–	(1,500)	(1,500)	–
– Others	–	(25,000)	(22,608)	(18,128)
Current portion	**424,094**	**1,261,949**	**619,436**	**485,681**

Notes:

1. Primarily comprised trade payables incurred during the operational phase, but not the construction phase, of a project, mostly related to procurement and operating expenses.

2. Primarily comprised advanced payment from the government.

Our trade payable are generally categorized into two groups with distinct credit terms. For construction-phase payables such as equipment and construction, the payment cycle is typically longer reflecting the large contract values and the inclusion of warranty periods, which delay final settlement until project acceptance and post-delivery performance are confirmed. For routine operational payables such as raw materials, consumables, and maintenance services, the payment cycle is shorter. This shorter cycle supports stable supplier relationships and ensures timely delivery of essential inputs. Compared to industry peers, our longer credit period for construction-related payables provides a financial advantage by easing short-term liquidity pressure and reducing reliance on external financing. Our short-cycle payables for daily operations help maintain strong supplier partnerships and operational continuity.

Our trade payable management policy has remained consistent during the Track Record Period, with no significant changes to credit terms or payment practices. We maintain disciplined payment schedules and monitor supplier performance to ensure alignment with project timelines and quality standards.

The following table sets forth our trade payables turnover days for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2023	2024	2025	2026
	(in days)			
Trade payables turnover days[(1)]	139.6	92.0	126.6	111.1

Note:

(1) Calculated using the average of opening and closing balances of the trade payables for such period divided by the direct costs and operating expenses, for the relevant periods and multiplied by 360 days for the full years 90 days for the three-month period.

Our trade payable turnover days were 139.6 days in the year ended December 31, 2023, 92.0 days in the year ended December 31, 2024, 126.6 days in the year ended December 31, 2025, and 111.1 days in the three months ended March 31, 2026. The decline in the year ended December 31, 2024 was primarily due to the decrease in payables in relation to equipment and construction from the conclusion of the construction of projects in previous years. The increase in the year ended December 31, 2025 were mainly due to the commencement of new projects. The increase in other trade payables in 2024 was mainly attributable to the operations of Renhe Group, which contributed to a higher volume of procurement and related payables during the year. The decrease in trade payables was mainly attributable to the settlement of construction and equipment payables following the transfer of the relevant construction in progress of the Liuyang Project, the Pingjiang Project and the Kyrgyzstan Project to property, plant and equipment.

The following table sets forth an aging analysis of our trade payable as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	125,515	341,111	354,651	273,944
1 to 2 years	48,012	22,564	69,305	70,359
2 to 3 years	75,473	25,920	283	1,050
3 to 4 years	29,733	27,182	708	997
4 to 5 years	1,783	11,807	3,293	2,784
Over 5 years	10,594	1,317	5,593	6,042
	291,110	**429,901**	**433,833**	**355,176**

The shift in the proportion of our trade payable aged within one year reflects the payment of long-outstanding balances from earlier projects and the concentration of new payables in recently launched projects. We expect the proportion of payables aged within one year to decline in the future. The long aging of certain trade payables is primarily due to the settlement cycle for construction-related payments, which typically requires completion of final audits and approvals by relevant government departments. We confirm that there were no material overdue trade payables as of March 31, 2026. We anticipate a decline in the proportion of payables aged within one year due to the nature of its construction-related payment cycle.

As of July 31, 2026, RMB88.1 million, or 24.8% of our trade payables as of March 31, 2026 have been subsequently settled.

Non-current assets and non-current liabilities

The following table sets forth the components of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Non-current assets				
Property, plant and equipment	52,780	781,300	1,300,969	1,309,743
Right-of-use assets	10,077	104,185	98,853	97,507
Investment properties	–	9,000	7,554	7,192
Intangible assets	5,811,198	7,944,830	7,663,161	7,548,605
Goodwill	–	145,874	145,874	145,874
Investment in an associate	–	1,967	1,971	–
Other financial assets	601,563	478,762	30,463	300
Prepayments, trade and other receivables	292,510	259,799	184,998	183,332
Deferred tax assets	20,864	62,600	48,664	52,059
Total non-current assets	**6,788,992**	**9,788,317**	**9,482,507**	**9,344,612**
Non-current liabilities				
Other payables	–	26,500	24,108	18,128
Bank loans and other borrowings	2,155,384	2,403,742	2,505,769	2,752,604
Lease liabilities	9,169	7,216	7,260	7,351
Deferred tax liabilities	–	238,767	201,055	193,208
Provisions	769,860	913,847	1,089,420	1,097,781
Total non-current liabilities	**2,934,413**	**3,590,072**	**3,827,612**	**4,069,072**

Intangible assets

Our intangible assets comprised mainly software, concession rights, and backlog contracts. Our intangible assets increased by 36.7% from RMB5,811.2 million as of December 31, 2023 to RMB7,944.8 million as of December 31, 2024, primarily due to the Acquisition of Renhe. As of December 31, 2025 and March 31, 2026, our intangible assets remained relatively stable at RMB7,663.2 million and RMB7,548.6 million, respectively.

Goodwill

Goodwill arises on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment. As stated in Note 15 in Appendix I to this Document, in November 2024, Our Group completed the acquisition of Renhe Group, which comprises two cash-generating units ("**CGU**"s): Renhe Environment Technology CGU and Renhe Environment Protection CGU. The Renhe Environment Technology CGU is primarily engaged in food waste collection, waste treatment services and the sale of industrial-grade mixed oil, whereas the Renhe Environment Protection CGU focuses on household waste interim treatment, compression and transfer services. Goodwill arising from the acquisition has been allocated to these CGUs based on their respective business types.

Renhe Environment Technology CGU

The recoverable amount of the Renhe Environment Technology CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering 12.5 and 11.5 years as of December 31, 2024 and 2025, respectively, which was the remaining period of the service concession contract. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As of December 31,	
	2024	2025
Annual growth rate of revenue during the remaining period of the franchise contract	-1.67% ~ 1.46%	1.17% ~ 2.93%
Net profit margin in operating periods	24.33% ~ 26.89%	22.37% ~ 28.27%
Pre-tax discount rate	10.10%	9.85%

As of December 31, 2024 and 2025, the headroom calculated based on the recoverable amounts deducting the carrying amount of the Renhe Environment Technology CGU was RMB391.8 million and RMB573.8 million. As there was no events or changes in circumstances indicate that it might be impaired, no goodwill impairment test was performed for Renhe Environment Technology CGU as of March 31, 2026.

Renhe Environment Protection CGU

The recoverable amount of the Renhe Environment Protection CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering 5.3 and 4.3 years as of December 31, 2024 and 2025, respectively, which was the remaining period of the service concession contract. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As of December 31,	
	2024	2025
Annual growth rate of revenue during the remaining period of the franchise contract	5.85% ~ 5.88%	2.93% ~ 4.37%
Net profit margin in operating periods	37.59% ~ 46.71%	38.37% ~ 45.30%
Pre-tax discount rate	11.24%	10.30%

As of December 31, 2024 and 2025, the headroom calculated based on the recoverable amounts deducting the carrying amount of the Renhe Environment Protection CGU was RMB385.3 million and RMB664.6 million, respectively. As there was no events or changes in circumstances indicate that it might be impaired, no goodwill impairment test was performed for Renhe Environment Protection CGU as of March 31, 2026.

Sensitivity Analysis

We have undertaken sensitivity analysis on the impairment test of Renhe Environment Technology CGU and Renhe Environment Protection CGU. The following table sets forth the decrease of one percentage point in annual growth rate of revenue, net profit margin in operating period or increase of one percentage point in pre-tax discount rate that would, in isolation, have impact on the recoverable amount of the two CGUs respectively:

	As of December 31, 2024	
	Decrease in recoverable amount	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
	RMB'000	*RMB'000*
Annual growth rate of revenue	128,044	53,992
Net profit margin in operating period	29,430	33,310
Pre-tax discount rate	52,024	64,051

	As of December 31, 2025	
	Decrease in recoverable amount	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
	RMB'000	*RMB'000*
Annual growth rate of revenue	128,964	43,914
Net profit margin in operating period	31,728	28,285
Pre-tax discount rate	51,547	67,868

Our Directors are of the view that, a reasonably possible change in a key parameter will not cause the carrying amount of the relevant CGUs to exceed the recoverable amounts as of December 31, 2024 and 2025. The following table sets forth the hypothetical decrease in percentage points of annual growth rate of revenue, net profit margin in operating period or increase in percentage points of pre-tax discount rate that would have removed the remaining headroom between the carrying amount of the respective CGUs and the recoverable amounts, in isolation, as of December 31, 2024 and 2025:

	As of December 31, 2024	
	Renhe Environment Technology CGU	**Renhe Environment Protection CGU**
Annual growth rate of revenue	3.28%	7.48%
Net profit margin in operating period	13.31%	11.57%
Pre-tax discount rate	10.50%	6.79%

	As of December 31, 2025	
	Renhe Environment Technology CGU	**Renhe Environment Protection CGU**
Annual growth rate of revenue	4.97%	13.89%
Net profit margin in operating period	18.07%	19.14%
Pre-tax discount rate	18.46%	18.71%

Bank loans and other borrowings

Our bank loans and other borrowings comprised mainly bank borrowings obtained to support the construction and development of our waste-to-energy incineration projects. These loans are typically medium- to long-term in nature and are secured through a combination of pledges and guarantees. Please see the sub-section headed "— Indebtedness" in this section for details. As of March 31, 2026, we have unutilized credit facilities from independent third-party commercial banks of over RMB6,000 million which is confirmed to be available for our Group's drawdown without any assistance, guarantee or security from our Controlling Shareholders or their respective close associates. Our Directors confirm that such credit facilities are not subject to any commitments or conditions.

Provisions

Our provisions comprised mainly estimated future replacement costs associated with concession projects, in accordance with IAS 37. These provisions reflect the winded expected future costs of restoring or replacing infrastructure assets over the life of the concession agreements. Our provision increased by 18.7%, from RMB769.9 million as of December 31, 2023 to RMB913.8 million as of December 31, 2024. This increase was primarily due to (i) commencement of operation of our Pingjiang Waste-to-Energy Incineration Project, triggering the recognition of full-lifecycle replacement obligations under the concession agreement; and (ii) the Acquisition of Renhe, which brought in additional projects with associated future replacement obligations. As of December 31, 2025, our provisions further increased by 19.2% to RMB1,089.4 million, primarily due to commencement of operations at our Liuyang Project, triggering the recognition of full-lifecycle replacement obligations under the concession agreement. As of March 31, 2026, our provisions remained relatively stable at RMB1,097.8 million.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been, and is expected to continue to be, cash generated from operating activities together with available credit facilities and bank borrowings. Our liquidity requirements primarily relate to funding our working capital requirements and our capital expenditures. We had cash and cash equivalents of RMB861.4 million, RMB1,444.0 million, RMB1,219.8 million, RMB1,381.7 million and RMB1,220.9 million as of December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, respectively.

Cash flows analysis

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Net cash generated from operating activities	868,733	971,097	1,699,239	148,110	235,751
Net cash (used in)/generated from investing activities	(160,212)	164,055	(1,931,007)	(994,804)	(200,096)
Net cash generated from/(used in) financing activities	(878,168)	(552,435)	7,887	784,356	(31,633)
Net increase/(decrease) in cash and cash equivalents	**(169,647)**	**582,717**	**(223,881)**	**(62,338)**	**4,022**
Cash and cash equivalents, beginning of the year/period	1,031,578	861,370	1,444,006	1,444,006	1,219,757
Effect of exchange rate changes on cash and cash equivalents	(561)	(81)	(368)	26	(2,872)
Cash and cash equivalents, end of the year/period	**861,370**	**1,444,006**	**1,219,757**	**1,381,694**	**1,220,907**

Net cash generated from operating activities

Our cash flows generated from operating activities reflect our profit before taxation adjusted by (i) non-cash and non-operating items (such as depreciation of non-current assets and interest income); (ii) the effects of movement in working capital (such as inventories, receivables and payables); and (iii) other cash items (such as income taxes paid).

For the year ended December 31, 2023, we had net cash generated from operating activities of RMB868.7 million, which represents an increase of RMB78.5 million from the previous period. This primarily represents profit before income tax of RMB702.7 million, adjusted by amortization of intangible assets of RMB284.3 million. For the year ended December 31, 2024, we had net cash generated from operating activities of RMB971.1 million, which represents an increase of RMB102.4 million from the previous period. This primarily represents profit before income tax of RMB762.5 million, adjusted by amortization of intangible assets of RMB304.8 million. For the year ended December 31, 2025, we had net cash generated from operating activities of RMB1,699.2 million, which represents an increase of RMB728.1 million from the previous period. This primarily represents profit before taxation of RMB1,151.5 million, adjusted by amortization of intangible assets of RMB548.6 million.

For the three months ended March 31, 2025, we had net cash generated from operating activities of RMB148.1 million, which primarily represents profit before taxation of RMB208.5 million, adjusted by amortization of intangible assets of RMB130.9 million.

For the three months ended March 31, 2026, we had net cash generated from operating activities of RMB235.8 million, which represents an increase of RMB87.7 million from the previous period. This primarily represents profit before taxation of RMB348.4 million, adjusted by amortization of intangible assets of RMB139.7 million.

Net cash (used in)/generated from investing activities

Our cash flows (used in)/generated from investing activities primarily reflect our capital expenditures, investment transactions, and proceeds from disposals of assets or investments.

For the year ended December 31, 2023, we had net cash used in investing activities of RMB160.2 million, which was primarily attributable to payment of purchase of financial assets at FVPL of RMB2,740.0 million, and payment for the purchase of property, plant and equipment and construction of PPP projects of RMB569.0 million. This was partially offset by proceeds from disposal of financial assets at FVPL of RMB3,633.3 million. For the year ended December 31, 2024, we had net cash generated from investing activities of RMB164.1 million, which was primarily attributable to proceeds from disposal of financial assets at FVPL of RMB5,387.9 million, and was partially offset by payment of purchase of financial assets at FVPL of RMB4,952.0 million and payment for the purchase of property, plant and equipment and construction of PPP projects of RMB920.4 million.

For the year ended December 31, 2025, we had net cash used in investing activities of RMB1,931.0 million, which was primarily attributable to payment of purchase of financial assets at FVPL of RMB11,122.0 million, and acquisition of subsidiaries, net of cash acquired, of RMB659.0 million, and was partially offset by proceeds from disposal of financial assets at FVPL of RMB10,307.4 million.

For the three months ended March 31, 2025, we had net cash used in investing activities of RMB994.8 million, which was primarily attributable to payment for purchase of financial assets at FVPL of RMB2,162.0 million and acquisition of subsidiaries, net of cash acquired, of RMB659.0 million, which was partially offset by proceeds from disposal of financial assets at FVPL of RMB1,951.1 million.

For the three months ended March 31, 2026, we had net cash used in investing activities of RMB200.1 million, which was primarily attributable to payment of purchase of financial assets at FVPL of RMB2,289.0 million, and payment for the purchase of property, plant and equipment and construction of PPP projects of RMB122.3 million, and was partially offset by proceeds from disposal of financial assets at FVPL of RMB2,169.2 million.

Net cash (used in)/generated from financing activities

Our cash flows from financing activities primarily reflect our borrowings and repayments, equity financing, and distributions to shareholders.

For the year ended December 31, 2023, we had net cash used in financing activities of RMB878.2 million, which was primarily attributable to repayment of bank loans and other borrowings of RMB380.2 million and dividends paid to equity shareholders of our Company of RMB369.0 million. For the year ended December 31, 2024, we had net cash used in financing activities of RMB552.4 million, which was primarily attributable to repayment of bank loans and other borrowings of RMB501.1 million and dividends paid to equity shareholders of our Company of RMB369.0 million. It was partially offset by proceeds from bank loans and other borrowings of RMB588.0 million.

For the year ended December 31, 2025, we had net cash generated from financing activities of RMB7.9 million, which was mainly attributable to net proceeds from issuance of new shares of RMB744.4 million and proceeds from bank loans and other borrowings of RMB593.0 million, which was partially offset by dividends paid to equity shareholders of the Company of RMB507.3 million and repayment of bank loans and other borrowings of RMB463.7 million.

For the three months ended March 31, 2025, we had net cash generated from financing activities of RMB784.4 million, which was mainly attributable to net proceeds from issuance of new shares of RMB744.4 million, which was partially offset by interest of bank loans and other borrowings paid of RMB24.4 million.

For the three months ended March 31, 2026, we had net cash used in financing activities of RMB31.6 million, which was mainly attributable to payment for repurchase of own shares of RMB249.0 million, which was partially offset by proceeds from bank loans and other borrowings of RMB268.0 million.

Sufficiency of working capital

Taking into account the financial resources available to us, including cash and cash equivalents, available banking facilities, cash flows from operating activities, and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this Document.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025, March 31, 2026, and July 31, 2026, our indebtedness included bank borrowings, other borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(audited)			*(unaudited)*
Lease liabilities	10,170	8,197	7,700	7,796	7,598
Bank loans and other borrowings					
Unsecured and unguaranteed	–	144,868	268,956	462,739	461,541
Secured					
– Guaranteed loans	2,566,179	2,077,638	989,845	989,888	854,568
– Non-guaranteed loans	80,076	663,601	1,749,855	1,794,864	1,796,011
Total	**2,656,425**	**2,894,304**	**3,016,356**	**3,255,287**	**3,119,718**

As of December 31, 2023, 2024, and 2025, March 31, 2026 and July 31, 2026, our indebtedness remained at RMB2,656.4 million, RMB2,894.3 million, RMB3,016.4 million, RMB3,255.3 million, and RMB3,119.7 million, respectively. The fluctuation of our indebtedness throughout this period was mainly attributable to the repayment schedule of our existing loans to support the construction of our previous projects, and the addition of new loans to support the construction of our new projects. Our Directors confirm that the guarantee provided by Junxin Group has been released as of the Latest Practicable Date while the guarantee provided by Pudong Environmental Protection and Yonker Environmental Protection will not be released until their respective date of expiration. Pudong Environmental Protection and Yonker Environmental Protection are the minority shareholder of Puxiang Bioenergy and Puxiang Environmental Energy, each of the shareholders of these two subsidiaries, including our Company, Pudong Environmental Protection and Yonker Environmental Protection, have agreed to finance these two subsidiaries through equity contributions as well as debt support (i.e. guarantee to banks providing loans), as our Company will continue to provide guarantee to these subsidiaries, these two minority shareholders will continue to provide guarantee after the [**REDACTED**]. Please also see the section headed "Connected Transactions" and Notes 23 and 31(e) in the Accountant's Report in Appendix I to this Document for further information.

During the Track Record Period and up to the Latest Practicable Date, there was no material covenants on any of our outstanding debts and had not breached any debt covenants. During the same period, we had not experienced any difficulty in obtaining additional debt or equity financing.

Contingent liabilities

As of December 31, 2023, 2024 and 2025, March 31, 2026, and July 31, 2026, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since July 31, 2026 and up to the Latest Practicable Date.

Indebtedness statement

Except as disclosed above, as of July 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since July 31, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, respectively, our capital expenditures were related to the payment for the purchase of property, plant and equipment and construction of PPP Projects, which amounted to RMB569.0 million, RMB920.4 million, RMB600.3 million and RMB122.3 million, respectively. We funded these expenditures mainly with cash generated from our business operations, borrowings, and proceeds from our A Share Offering.

CAPITAL COMMITMENTS

Our capital commitments which are authorized and contracted as of December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, respectively were RMB975.5 million, RMB731.2 million, RMB169.1 million and RMB122.1 million, respectively, which were mainly attributable to purchase commitments that are outstanding in connection with our construction contracts. We have funded and expect to continue to fund our capital commitments with our cash flow generated from operating activities, borrowings, and issuance of equity instruments.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with certain related parties. For details, please refer to Note 31 to the Accountants' Report included in Appendix I to this Document. Our Directors confirm that these transactions were conducted on arm's length basis and entered into in the ordinary course of business and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the date or for the period indicated:

	As of/for the year ended December 31			As of/for the three months ended March 31,
	2023	2024	2025	2026
Return on equity[(1)]	11.6%	9.6%	10.9%	3.2%
Return on assets[(2)]	6.8%	5.8%	7.0%	2.1%
Gearing ratio[(3)]	46.4%	33.7%	31.5%	33.8%
Gross profit margin[(4)]	51.2%	41.5%	55.0%	56.6%
Net profit margin[(5)]	35.5%	28.5%	36.4%	41.4%
Dividend payout ratio[(6)]	71.8%	94.6%	70.2%	/

Notes:

(1) Return on equity is calculated based on the profit for the year/period divided by the arithmetic mean of the opening and closing balances of the total equity and multiplied by 100%.

(2) Return on assets is calculated based on the profit for the year/period divided by the arithmetic mean of the opening and closing balances of the total assets and multiplied by 100%.

(3) Gearing ratio is calculated based on total indebtedness (including bank borrowings, other borrowings and lease liabilities) divided by total equity and multiplied by 100%.

(4) Our overall gross profit margin equals to our overall gross profit for the year/period divided by revenue for the year/period and multiplied by 100%. Owing to the nature of our operations in this industry, the accounting treatment of our service concession agreements, our revenue comprised (i) operational revenue from our

projects; and (ii) those in relation to construction services. For a better understanding of our operational performance, our operating gross profit margins from our projects were of 62.9%, 63.6%, 56.6%, 57.8% and 58.5% for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively.

(5) Our overall net profit margin equals to our overall net profit for the year/period divided by revenue for the year/period and multiplied by 100%. Similarly, our operating net profit margins from our projects were 43.7%, 43.6%, 37.4%, 36.3% and 42.8% for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2025 and 2026, respectively.

(6) Dividend payout ratio equals our dividends paid to the equity shareholders of our Company in respect of a financial year, divided by the profit attributable to the equity shareholders of our Company for the same year and multiplied by 100%.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any outstanding off-balance sheet commitments or arrangements.

DIVIDEND AND DIVIDEND POLICY

Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》) (the "No. 3 Guideline"), as well as our Articles of Association, specific dividend ratio is determined by our Board in accordance with applicable regulations and our operating conditions, and is subject to consideration and approval at our general shareholders' meeting. Under Article 5 of the No. 3 Guideline, we are classified as a company at a mature stage of development with significant capital expenditure arrangements.

Our dividend policy is that where our Group records a profit for the year and has positive undistributed profits on a cumulative basis, and provided that such distribution does not compromise our ability to continue operations and support long-term development, we will distribute no less than 50% of the net profit attributable to shareholders of the parent company (as shown in the consolidated financial statements) in the form of cash dividends for that year, unless there are significant investment plans or major cash expenditure arrangements in place (excluding projects funded by proceeds from fundraising activities). Pursuant to our Articles of Association, "significant investment plans" or "major cash expenditure arrangements" means any of the following: (i) proposed external investments, asset acquisitions or equipment purchases by us within the next 12 months, on an aggregate basis, amount to or exceed 50% of our latest audited net assets and exceed RMB50 million; or (ii) proposed external investments, asset acquisitions or equipment purchases by us within the next 12 months, on an aggregate basis, amount to or exceed 30% of our latest audited total assets. Apart from above, we currently do not have any other formal dividend policy or set other payout ratio target. As of the Latest Practicable Date, our Group has no unpaid dividends, and no foreseeable material changes have been identified.

Future profit distributions may be made in the form of cash dividends, stock dividends, or a combination of both. Any proposed distribution is subject to the discretion of our Board and approval at our shareholders' meetings. In making such recommendations, our Board will consider a range of factors including our operating results, financial condition, business needs, capital requirements, shareholder interests, and any other factors it deems relevant.

For the years ended December 31, 2023, 2024 and 2025, the dividends of RMB369.0 million, RMB369.0 million and RMB507.3 million in respect of the years ended December 31, 2022, 2023 and 2024, were declared and paid, respectively. Our dividend payout ratios for the years ended December 31, 2023, 2024 and 2025 were 71.8%, 94.6% and 70.2%, respectively. On April 21, 2026, we held a shareholders' meeting and approved a proposal by our Board of Directors to distribute a dividend of RMB6.53 per 10 shares based on the then total share capital of 789,100,842 shares, excluding 18,889,311 shares cumulatively repurchased and held in our repurchased securities account, totaling RMB502.9 million, with no bonus shares to be issued and no conversion of capital reserves into share capital to be made. As of the Latest Practicable Date, we had paid the dividend of RMB502.9 million. For further information, please refer to Note 28 of the Accountants' Report in Appendix I to this Document.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Assuming the [**REDACTED**] is not exercised and based on the maximum [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], [**REDACTED**] to be borne by us are estimated to be HK$[**REDACTED**], comprising: (i) [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy of HK$[**REDACTED**]; and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**], which are further categorized into: (a) fees and expenses of legal advisers and accountants of HK$[**REDACTED**]; and (b) other fees and expenses of HK$[**REDACTED**]. Among the estimated aggregate amount of our estimated [**REDACTED**], (i) HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, of which HK$[**REDACTED**] was recognized as our profit or loss during the Track Record Period; and (ii) HK$[**REDACTED**] is directly attributable to the [**REDACTED**] of the [**REDACTED**] in the [**REDACTED**] and is expected to be accounted for as a deduction from equity upon [**REDACTED**] in accordance with relevant accounting standards. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the maximum [**REDACTED**]) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FINANCIAL RISK MANAGEMENT

Our Group has established a comprehensive enterprise risk management policy that sets out the overall objectives, organizational structure and procedures for identifying, assessing, responding to, monitoring and optimizing risks. Governance is tiered. The Board of Directors, as the highest decision making body for risk, approves risk management strategies and major risk response plans and receives regular risk reports. The Audit Committee, acting in accordance with its terms of reference, supervises and evaluates the effectiveness of enterprise risk management and reports to the Board. The General Manager's Office is responsible for implementation and effectiveness, including setting our Group's risk appetite and risk tolerance, reviewing major risk assessments and response plans and approving the annual enterprise risk management work report. The General Manager's Office coordinates execution, the business departments are the owners of business risks, and the Finance and Operations Departments collaborate to form a comprehensive risk prevention and control network. The Internal Audit Department conducts independent supervision and evaluation of the enterprise risk management system and issues oversight reports to the Audit Committee. Consistent with the characteristics of the waste to energy incineration industry, including long project lifecycles, capital intensity and strong policy linkage, our Group adheres to a closed loop process of risk identification, assessment, response, monitoring and optimization. We perform periodic comprehensive risk assessments and stress testing to keep risk levels within our Group's risk appetite. Our Group's exposure to these risks and the financial risk management policies and practices used by our Group to manage these risks are described as follows:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to trade receivables, receivables arising from service concession arrangements and contract assets. Our Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits and bills receivables is limited because the counterparties are banks and financial institutions with high credit quality, which our Group considers to have low credit risk. Our Group's exposure to credit risk arising from entrusted loans is considered to be low given full and unconditional guarantees from state owned entities with high credit quality and a diligent repayment track record. We consider our exposure to credit risk arising from other receivables is not significant as the balances of other receivables as of December 31, 2023, 2024 and 2025, and March 31, 2026 mainly are deposits and no significant actual losses were experienced historically by our Group. Our Group does not provide any guarantee which would expose our Group to credit risk.

Our Group has a concentration of credit risk for trade receivables and contract assets. As of December 31, 2023, 2024 and 2025, and the three months ended March 31, 2026, the gross carrying amount of trade receivables and the gross carrying amounts of contract assets of our Group amounted to RMB839.7 million, RMB1,886.0 million, RMB1,847.9 million and RMB1,985.8

million, respectively, of which 99.83%, 96.72%, 93.45% and 92.98% were due from the five largest customers in aggregate of our Group, respectively. For trade receivables and contract assets to which our Group applies the simplified approach for impairment, information is disclosed in Notes 19 and 22 of the Accountant's Report in Appendix I to the Document.

In line with our Group's enterprise risk management framework, the Finance Department monitors customer creditworthiness and payment history, maintains customer exposure registers and reports material concentration and aging trends to senior management for oversight, which is designed to be consistent with the simplified impairment approach referenced above.

Liquidity risk

Individual operating entities within our Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. At the Group level, our policy is to regularly monitor liquidity requirements and compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

The Finance Department operates a multi layer liquidity monitoring system. It tracks key indicators including current ratio, quick ratio and cash ratio, and prepares monthly and annual cash flow plans that take into account waste treatment fee collection cycles, debt servicing schedules and project investment progress. A dedicated loan covenant register is maintained, and actual operating and financial data are periodically checked against covenant requirements, including leverage ratios and profitability metrics, to ensure continuing compliance. Reports on cash positions, covenant status and forward looking funding needs are provided regularly to the General Manager's Office and the Board. To enhance funding resilience, our Group diversifies financing channels, maintains strategic relationships with multiple commercial banks and preserves sufficient credit facility headroom to form a stable funding pool. Governance responsibilities are allocated such that the Board provides strategic oversight of liquidity risk, the Finance Department manages day to day cash planning, covenant monitoring and compliance reporting, and business departments supply forward projections of operational funding needs to support group level planning.

Interest rate risk

Our Group's interest rate risk exposure arises primarily from lease liabilities and short term and long term loans and borrowings. These borrowings bearing interest at variable rates expose our Group to cash flow interest rate risk. The Finance Department identifies and measures interest rate risk by performing scenario analysis of interest rate movements and estimating the resulting changes in interest expense across different financing structures. In view of the financing characteristics of long duration waste to energy projects, our Group predominantly adopts floating rate financing, supported by an internal interest rate alert mechanism. When market rates approach preset thresholds, the Finance Department promptly reviews financing plans, including consideration of refinancing timing, repricing options within facility agreements and rebalancing between bank lines to optimize cost. Day to day monitoring and analysis are led by the Finance Department, while decisions involving significant changes in risk posture or facility terms are submitted to the Board for consideration and approval in accordance with our Group's governance procedures.

Currency risk

As our principal activities are carried out in the People's Republic of China, our transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for foreign exchange transactions are the rates of exchange quoted by the People's Bank of China and are determined largely by supply and demand. Our Group is exposed to currency risk primarily from cash and cash equivalents, other receivables and bank loans that are denominated in a foreign currency, being a currency other than the functional currency of the operations to which the transactions relate. Our currency risk mainly arises from transactions denominated in USD and JPY as well as RMB in respect of subsidiaries whose functional currencies are not RMB. The Finance Department manages currency risk through a structured process. It maintains foreign currency ledgers and regularly reconciles foreign currency balances, quantifies the impact of exchange rate

fluctuations on exchange gains or losses in the income statement and on translation differences in the consolidated financial statements, and analyzes historical exchange rate movements to form views on potential trend scenarios. These assessments provide data support for selecting appropriate risk responses, consistent with our Group's overarching risk management framework. The Finance Department is the responsible owner for monitoring foreign currency exposure and reporting material variances to senior management. For further information please see Note 29 of the Accountant's Report in Appendix I to the Document.

Loan covenant compliance and internal controls

To strictly comply with loan covenant requirements and mitigate default risk, our Group has instituted a full process covenant compliance management regime aligned with applicable regulatory expectations. Prior to signing loan agreements, the Finance Department reviews covenant terms and assesses compliance risks, with particular focus on interest adjustment clauses, financial ratio undertakings and restrictive provisions, to ensure alignment with our Group's overall interests. During the life of each loan, the Finance Department maintains a covenant register, highlights key undertakings, compares actual operating and financial data to the covenants at set intervals and provides periodic compliance reports to the General Manager's Office. If a compliance risk alert is triggered, an emergency response procedure is initiated. The General Manager's Office coordinates with the Finance Department to formulate and execute remediation measures, which may include financial structure adjustments or negotiation of covenant amendments with lenders, with the objective of avoiding the occurrence of an actual breach. The Finance Department is accountable for day to day covenant monitoring and ledger management, while the Board exercises oversight over compliance with material loan arrangements to ensure adherence to applicable stock exchange rules regarding loan arrangements.

For further information please see Note 29 of the Accountant's Report in Appendix I to the Document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this Document, there had been no material adverse change in our business, financial condition and results of operations since March 31, 2026, which is the end date of the period reported on in the Accountants' Report as set out in Appendix I to this Document, and there is no event since March 31, 2026 which would materially affect the information in the Accountants' Report as set out in Appendix I to this Document.

Summary of Unaudited Interim Financial Information for the Six Months Ended June 30, 2026

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited interim financial information prepared under PRC GAAP as of and for the six months ended June 30, 2026 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS 34, *Interim Financial Reporting,* as of and for the six months ended June 30, 2026 in Appendix IA to this document. Our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2026 has been reviewed by our reporting accountants in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The members of the Board, including those of the Audit Committee, have received and reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2026, as set out in Appendix IA to this document. We have complied with the code provisions in Part 2 of Appendix C1 to the Listing Rules. We are not in breach of our Articles of Association or laws and regulations of the PRC or other regulatory requirements regarding our obligation to distribute interim reports in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we do not intend to distribute a separate interim report in respect of the six months ended June 30, 2026 under the aforementioned Rule. See "Appendix IA — Unaudited Interim Financial Information." The following is a discussion of fluctuations of selected line items.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	For the six months ended June 30,			
	2025		2026	
	RMB	%	RMB	%
	(RMB in thousands, except for percentages) *(unaudited)*			
Revenue	**1,468,443**	**100.0**	**1,550,381**	**100.0**
Direct costs and operating expenses	(662,756)	(45.1)	(664,233)	(42.8)
Gross profit	**805,687**	**54.9**	**886,148**	**57.2**
Other revenue	57,469	3.9	51,307	3.3
Other net income/(loss)	3,747	0.3	(176)	(0.0)
Administrative and selling expenses	(130,755)	(8.9)	(162,011)	(10.4)
Research and development expenses	(33,992)	(2.3)	(41,187)	(2.7)
Impairment losses under ECL model, net of reversal	(14,981)	(1.0)	9,846	0.6
Profit from operations	**687,175**	**46.8**	**743,927**	**48.0**
Finance costs	(57,251)	(3.9)	(68,305)	(4.4)
Share of profit of an associate	30	0.0	1,613	0.1
Profit before taxation	**629,954**	**42.9**	**677,235**	**43.7**
Income tax	(85,828)	(5.8)	(86,221)	(5.6)
Profit for the period	**544,126**	**37.1**	**591,014**	**38.1**

Revenue

Our revenue increased by 5.6% from RMB1,468.4 million for the six months ended June 30, 2025 to RMB1,550.4 million for the six months ended June 30, 2026. Specifically, our revenue from sales of electricity increased by 18.4% from RMB409.6 million for the six months ended June 30, 2025 to RMB484.9 million for the six months ended June 30, 2026, primarily due to the commencement of operation of our Kyrgyzstan project in December 2025. Our revenue from household waste interim treatment and transfer services increased by 10.3% from RMB333.4 million for the six months ended June 30, 2025 to RMB367.8 million for the six months ended June 30, 2026, primarily due to increased residential waste collection volume driven by enhanced environmental improvement efforts in Changsha.

Direct costs and operating expenses

Our direct costs and operating expenses remained relatively stable at RMB662.8 million and RMB664.2 million in the six months ended June 30, 2025 and 2026.

Gross profit

Our gross profit increased by 10.0% from RMB805.7 million in the six months ended June 30, 2025 to RMB886.1 million in the six months ended June 30, 2026, and our overall gross profit margin increased from 54.9% in the six months ended June 30, 2025 to 57.2% in the six months ended June 30, 2026. Our gross profit from Changsha Waste-to-Energy Incineration Project (phase I) increased by 9.6% from RMB217.1 million to RMB237.9 million, primarily due to the increased revenue driven the increased waste treatment volume and electricity output after the turbine expansion project commenced operation, with gross profit margin increasing from 67.1% to 70.1%, respectively. Our gross profit from Changsha Transfer Project increased by 16.4% from RMB180.3 million to RMB209.9 million, and our gross profit margin increased from 53.1% to 55.8%, primarily due to economies of scale from the increased treatment and transfer volume.

Other revenue

Our other revenue decreased by 10.7% from RMB57.5 million for the six months ended June 30, 2025 to RMB51.3 million for the six months ended June 30, 2026, primarily due to the decrease in interest income on bank deposits and other financial assets.

Other net income/(loss)

Our other net income decreased significantly from RMB3.7 million for the six months ended June 30, 2025 to other net loss of RMB0.2 million for the six months ended June 30, 2026, primarily due to the increase in foreign exchange loss.

Administrative and selling expenses

Our administrative and selling expenses increased by 23.9% from RMB130.8 million for the six months ended June 30, 2025 to RMB162.0 million for the six months ended June 30, 2026, primarily due to the increase in staff costs attributable to the additional discretionary bonus granted.

Research and development expenses

Our research and development expenses increased by 21.2% from RMB34.0 million for the six months ended June 30, 2025 to RMB41.2 million for the six months ended June 30, 2026, primarily due to the increase in direct materials to support our research and development activities.

Finance costs

Our finance costs increased by 19.3% from RMB57.3 million for the six months ended June 30, 2025 to RMB68.3 million for the six months ended June 30, 2026, primarily due to the increase in interest on bank loans and other borrowings in line with the increased bank loans and other borrowings.

Income tax

Our income tax remained relatively stable at RMB85.8 million and RMB86.2 million for the six months ended June 30, 2025 and 2026, respectively.

Net profit

As a result of the foregoing, our net profit increased by 8.6% from RMB544.1 million for the six months ended June 30, 2025 to RMB591.0 million for the six months ended June 30, 2026.

Summary of Consolidated Statements of Financial Position

The following table sets forth summary information from our consolidated statements of financial position as of the dates indicated:

	As of December 31, 2025	As of June 30, 2026
	RMB'000	*RMB'000 (unaudited)*
Total non-current assets	9,482,507	9,716,394
Total current assets	5,078,510	4,474,385
Total assets	**14,561,017**	**14,190,779**
Total non-current liabilities	3,827,612	3,923,697
Total current liabilities	1,160,100	1,079,537
Net current assets	**3,918,410**	**3,394,848**
Total liabilities	**4,987,712**	**5,003,234**
Net assets	**9,573,305**	**9,187,545**
Share capital	789,101	789,101
Reserves	6,961,364	6,631,803
Equity attributable to equity shareholders of the Company	7,750,465	7,420,904
Non-controlling interests	1,822,840	1,766,641
Total equity	**9,573,305**	**9,187,545**

Our net current assets decreased from RMB3,918.4 million as of December 31, 2025 to RMB3,394.8 million as of June 30, 2026, mainly due to a net decrease in current assets, primarily as a result of a decrease in financial assets at FVPL mainly driven by the decreased structured deposits and decreased in other financial assets driven by the maturity of bank CDs to support our business growth. Such decrease was partially offset by a decrease in current liabilities, mainly due to a decrease in trade and other payables driven by the settlement of trade payables for equipment and construction.

Our net assets decreased from RMB9,573.3 million as of December 31, 2025 to RMB9,187.5 million as of June 30, 2026, mainly due to (i) dividend declared and paid to the equity shareholders of our company of RMB502.9 million; (ii) repurchase of our A shares of RMB249.0 million; and (iii) dividend declared and paid to the non-controlling shareholders of our subsidiaries of RMB219.5 million. such decrease was partially offset by our total comprehensive income for the period of RMB585.7 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	For the six months ended June 30,	
	2025	**2026**
	RMB'000	*RMB'000*
	(unaudited)	
Net cash generated from operating activities	723,643	627,660
Net cash (used in)/generated from investing activities	(1,369,179)	356,945
Net cash generated from/(used in) financing activities	110,666	(923,761)
Net (decrease)/increase in cash and cash equivalents	(534,870)	60,844
Cash and cash equivalents at the beginning of the period	**1,444,006**	**1,219,757**
Effect of foreign exchange rate changes	(3,053)	8,460
Cash and cash equivalents at the end of the period	**906,083**	**1,289,061**

We recorded net cash generated from investing activities of RMB356.9 million for the six months ended June 30, 2026, as compared with net cash used in investing activities of RMB1,369.2 million for the six months ended June 30, 2025, primarily due to the increase in proceeds from disposal of financial assets at FVPL, from RMB4,163.5 million for the six months ended June 30, 2025 to RMB5,638.2 million for the six months ended June 30, 2026.

DISTRIBUTABLE RESERVES

As of March 31, 2026, we had retained profits of RMB974.3 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

FINANCIAL INFORMATION OF RENHE

The following is a discussion of Renhe's financial information for (i) the year ended December 31, 2023; and (ii) the eleven months ended November 30, 2024. As these two periods are of different lengths, Renhe's financial information for these two periods is not directly comparable. Accordingly, prospective [**REDACTED**] are cautioned not to infer any comparison among the financial information for these three periods, or to place undue reliance on the following discussion.

Consolidated statements of profit or loss

The following table sets forth a summary of Renhe's consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,		Eleven months ended November 30,	
	2023		2024	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Revenue	**1,026,651**	**100.0**	**973,837**	**100.0**
Direct costs and operating expenses	(311,306)	(30.3)	(280,177)	(28.8)
Gross profit	**715,345**	**69.7**	**693,660**	**71.2**
Other revenue	22,900	2.2	21,256	2.2
Other net (loss)/income	(60)	(0.0)	684	0.1
Administrative and selling expenses	(109,196)	(10.6)	(77,369)	(7.9)
Research and development costs	(33,058)	(3.2)	(31,593)	(3.2)
Impairment losses under ECL model, net of reversal	(9,889)	(1.0)	(19,894)	(2.0)
Profit from operations	**586,042**	**57.1**	**586,744**	**60.3**
Finance costs	(8,079)	(0.8)	(5,937)	(0.6)
Share of profits of an associate	195	0.0	135	0.0
Profit before taxation	**578,158**	**56.3**	**580,942**	**59.7**
Income tax	(81,210)	(7.9)	(81,210)	(8.3)
Profit and other comprehensive income for the year/period	**496,948**	**48.4**	**499,732**	**51.3**

Revenue

Renhe's revenue was RMB1,026.7 million for the year ended December 31, 2023. The revenue generated by Renhe was RMB973.8 million for the eleven months ended November 30, 2024. The following table sets forth a breakdown of the total revenue generated by Renhe for the periods indicated:

	For the years ended December 31,		For the eleven months ended November 30,	
	2023		2024	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Operating revenue generated by Renhe's projects				
1. Changsha Transfer Project	646,979	63.0	613,349	63.0
2. Changsha Food Waste	379,627	37.0	360,488	37.0
Total operating revenue from Renhe's projects	**1,026,606**	**100.0**	**973,837**	**100.0**
Revenue from construction services	45	0.0	–	–
Total revenue	**1,026,651**	**100.0**	**973,837**	**100.0**

The following table sets forth a breakdown of the operating revenue from our Changsha Transfer Project for the periods indicated:

	For the years ended December 31,		For the eleven months ended November 30,	
	2023		2024	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Revenue from household waste interim treatment and transfer services	628,509	97.2	601,800	98.1
Revenue from sewage treatment	13,231	2.0	9,136	1.5
Others	5,239	0.8	2,413	0.4
Total operating revenue from this project	**646,979**	**100**	**613,349**	**100.0**

The following table sets forth a breakdown of the operating revenue from the Changsha Food Waste Project for the periods indicated:

	For the years ended December 31,		For the eleven months ended November 30,	
	2023		2024	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Revenue from the collection of food waste	63,819	16.8	59,278	16.4
Revenue from the treatment of food waste	141,239	37.3	132,956	37.0
Revenue from the sales of industrial-grade mixed oil	170,893	45.0	163,788	45.4
Revenue from the sales of electricity	3,131	0.8	4,117	1.1
Others	545	0.1	349	0.1
Total operating revenue from this project	**379,627**	**100.0**	**360,488**	**100.0**

Direct costs and operating expenses

Renhe's direct costs and operating expenses were RMB311.3 million in 2023. Its direct costs and operating expenses was RMB280.2 million between January 1, 2024 and November 30, 2024.

Gross profit and gross profit margin

For the years ended December 31, 2023 and the eleven months ended November 30, 2024, Renhe generated a gross profit of RMB715.3 million and RMB693.7 million, respectively. For the same periods. Renhe's gross profit margin remained relatively stable at 69.7% and 71.2%, respectively.

Other revenue

Renhe's other revenue remained relatively stable at RMB22.9 million for the year ended December 31, 2023 and RMB21.3 million for the eleven months ended November 30, 2024.

Other net (loss)/income

Renhe's other net (loss)/income represented foreign exchange gains or losses from its JPY-denominated borrowings. Renhe had other net losses of RMB0.1 million in 2023, and a net income of RMB0.7 million for the eleven months ended November 30, 2024.

Administrative and selling expenses

Renhe's administrative and selling expenses were RMB109.2 million in 2023 and RMB77.4 million for the eleven months ended November 30, 2024.

R&D expenses

Renhe's R&D expenses were RMB33.1 million in 2023 and RMB31.6 million for the eleven months ended November 30, 2024.

Impairment losses under ECL model, net of reversal

Renhe's impairment losses under ECL model amount to RMB9.9 million, and RMB19.9 million for the years ended December 31, 2023, and the eleven months ended November 30, 2024, which was in line with its trade and other receivables.

Finance costs

Renhe's finance costs were RMB8.1 million in 2023 and RMB5.9 million for the eleven months ended November 30, 2024.

Income tax expense

Renhe's income tax expense was RMB81.2 million in 2023, and RMB81.2 million for the eleven months ended November 30, 2024.

Net profit

For the above reasons, Renhe's net profit was RMB496.9 million in 2023 and RMB499.7 million for the eleven months ended November 30, 2024. For the three periods, Renhe's net profit margin was 48.4% and 51.3%, respectively.

Consolidated statements of financial position

The table below sets forth selected information from Renhe's consolidated statements of financial position as of the dates indicated:

	As of December 31,	As of November 30,
	2023	2024
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	563,581	491,544
Right-of-use assets	81,294	79,346
Investment Property	3,699	3,218
Intangible assets	153,311	140,718
Goodwill	23,896	23,896
Investment in an associate	1,999	2,135
Prepayments	337	1,149
Deferred tax assets	6,351	9,361
	834,738	751,367
Current assets		
Inventories	3,081	2,940
Financial assets at FVPL	–	150,163
Prepayments, trade and other receivables	574,857	844,970
Restricted cash	2	2
Cash and cash equivalents	356,841	489,133
	934,781	1,487,208
Current liabilities		
Bank loan and other borrowing	46,402	42,101
Trade and other payables	127,402	119,906

	As of December 31, 2023	As of November 30, 2024
	RMB'000	*RMB'000*
Contract liabilities	1,978	3,585
Income tax payable	23,043	17,413
	198,825	183,005
Net current assets	735,956	1,304,203
Total assets less current liabilities	1,570,694	2,055,570
Non-current liabilities		
Other payables	1,500	1,500
Deferred income	2,280	1,845
Bank loan and other borrowing	112,662	112,020
Provisions	32,866	15,241
	149,308	130,606
NET ASSETS	1,421,386	1,924,964
CAPITAL AND RESERVES		
Share capital/paid-in capital	422,300	422,300
Reserves	999,086	1,502,664
TOTAL EQUITY	1,421,386	1,924,964

Property, plant and equipment

Renhe's property, plant and equipment decreased by 12.8% from RMB563.9 million as of December 31, 2023 to RMB491.5 million as of November 30, 2024, which was in line with our depreciation.

Right-of-use assets

Our right-of-use assets remained relatively stable at RMB81.3 million as of December 31, 2023 and RMB79.3 million as of November 30, 2024.

Intangible assets

Renhe's intangible assets decreased by 8.2% from RMB153.3 million as of December 31, 2023 to RMB140.7 million as of November 30, 2024, which was mainly due to the amortization.

Financial assets at FVPL

Renhe's financial assets at FVPL were RMB150.2 million as of November 30, 2024, primarily due to the purchase of structured deposits.

Prepayments, trade and other receivables

Renhe's prepayments, trade and other receivables increased by 47.0% from RMB574.9 million as of December 31, 2023 to RMB845.0 million as of November 30, 2024.

Consolidated statements of cash flow

The table below sets forth selected information from Renhe's consolidated cash flow statements for the periods indicated:

	For the years ended December 31,	January 1 to November 30,
	2023	2024
	(RMB'000)	*(RMB'000)*
Net cash generated from operating activities	425,898	319,162
Net cash used in investing activities	(70,231)	(178,516)
Net cash used in financing activities	(422,837)	(9,954)
Net increase/(decrease) in cash and cash equivalents	(67,170)	130,692
Cash and cash equivalents, beginning of the period	422,554	356,841
Effect of exchange rate changes on cash and cash equivalents	1,457	1,600
Cash and cash equivalents, end of the period	356,841	489,133

Net cash generated from operating activities

For the year ended December 31, 2023, we had net cash generated from operating activities of RMB425.9 million. This primarily represents profit before income tax of RMB578.2 million, adjusted by depreciation of RMB85.3 million, and impairment losses under ECL model, net of reversal of RMB9.9 million and share based payment expenses of RMB14.4 million. For the eleven months ended November 30, 2024, Renhe had net cash generated from operating activities of RMB319.2 million. This primarily represents profit before income tax of RMB580.9 million, adjusted by depreciation of RMB79.4 million and impairment losses under ECL model, net of reversal of RMB19.9 million.

Net cash generated (used in) investing activities

For the year ended December 31, 2023, Renhe had net cash used in investing activities of RMB70.2 million, which primarily consisted of payment for the purchase of property, plant and equipment and construction of service concession project of RMB75.9 million. For the eleven months ended November 30, 2024, Renhe had net cash used in investing activities of RMB178.5 million, which primarily consisted of payment for acquisition of financial assets at FVPL of RMB150.0 million, and payment for the purchase of property, plant and equipment and construction of service concession project of RMB29.1 million.

Net cash generated used in financing activities

For the year ended December 31, 2023, Renhe had net cash used in financing activities of RMB422.8 million, which primarily consisted of dividends paid to equity shareholders of RMB400.0 million. For the eleven months ended November 30, 2024, Renhe had net cash used in financing activities of RMB10.0 million, which primarily consisted of repayment of bank loans and other borrowings of RMB33.6 million, which was partially offset by proceeds from bank loans and other borrowings of RMB30.0 million.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited [**REDACTED**] adjusted consolidated net tangible assets, see Appendix II to this Document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS

For further details of our future plans, see the sections headed "Business — Our future strategies" in this Document.

[**REDACTED**]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the maximum [**REDACTED**]), will be approximately HK$[**REDACTED**], after the deduction of [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised.

In line with our future strategies, we intend to use our [**REDACTED**] for the following purposes assuming the [**REDACTED**] is fixed at HK$[**REDACTED**] per [**REDACTED**] (being the maximum [**REDACTED**]):

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for our future projects in relation to integrated waste treatment and resource utilization in both overseas and China. Our overseas deployment will primarily be based in Central Asia in order to leverage our existing competencies gained through the development of phase I of our Bishkek Project. By doing so, we believe we can seize the growing demands for environmental protection services in the region. According to F&S, China's green technology, solid waste treatment, and resource utilization sectors are undergoing major transformation, driven by changes in national policies, innovation, and market needs. With the introduction of the Dual Carbon goals and the Zero Waste City initiative, the industry is shifting from a fragmented treatment model to integrated treatment of various solid waste. Such a change improves efficiency and creates new value through the integrated treatment of waste. Our future expansion plans in China will aim to leverage our current expertise to capture such growth opportunities in integrated waste treatment and resource utilization. To this end, we intend to use:

    - Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], for covering civil engineering costs in relation to future waste-to-incineration power generation facilities. Such costs may include (i) those in relation to laying the foundation for our main plant and equipment; (ii) auxiliary engineering costs; (iii) other civil engineering costs.

    - Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], for covering costs in relation to purchasing and installing the necessary equipment in such facilities. This may include (i) waste receiving systems; (ii) incineration systems; (iii) electrical systems; and others. Such equipment primarily includes approximately five units of mechanical grate incinerators, five units of waste heat boilers, four units of turbine generator sets, five sets of flue gas treatment systems (comprising semi-dry deacidification, bag filters and SNCR denitrification), nine units of overhead cranes with grabs for waste receiving systems and five spare grabs, four units of main transformers for electrical systems and four sets of automatic control systems as well as other auxiliary equipment such as cooling towers, compressed air systems and ventilation systems.

    - Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], for covering costs in relation to project design and management. Such costs may include (i) survey and design fees; (ii) engineering and design fees; (iii) management fees; and (iv) others.

In terms of our strategies to tap into such markets in China and overseas, our Group is committed to leveraging the [**REDACTED**] from the [**REDACTED**] to accelerate our expansion into high-potential future markets, with a particular focus on Central Asia and other Belt and Road regions. Building on our successful track record in China, we have already established a presence in Kyrgyzstan through the Bishkek Project and similar projects in Osh City, Issyk-Kul Prefecture, and Almaty, Kazakhstan. These markets are experiencing rapid urbanization and rising demand for integrated waste treatment and green energy solutions, yet still lack adequate infrastructure. By deploying our proven technologies, vertically integrated service model, and operational expertise,

we aim to deliver scalable, sustainable environmental solutions tailored to local needs. Our strategy is to replicate our "Changsha Model" of integrated waste-to-energy and resource utilization, while also introducing our innovative "three-center" model wherever possible. Through these initiatives, we will not only address the urgent environmental challenges in these regions, but also position our Group as a partner for governments and communities seeking to achieve their sustainability and circular economy goals.

The following table sets forth a summary of our planned or ongoing projects, overseas and domestic, that would involve our [**REDACTED**] in the next two years:

Location	Latest status as of the Latest Practicable Date	Construction starting date	Estimated time to complete the project	Estimated investment	Allocation of our [REDACTED]
Osh City, Kyrgyzstan	Service concession agreement signed and under construction	June 2026	18 months	USD[REDACTED]	[REDACTED]%
Karakol, Issyk-Kul Prefecture, Kyrgyzstan	Service concession agreement signed and under construction	June 2026	24 months	USD[REDACTED]	[REDACTED]%
Balykchy, Issyk-Kul Prefecture, Kyrgyzstan	Service concession agreement signed	March 2028	24 months	USD[REDACTED]	[REDACTED]%
Almaty, Kazakhstan	Waste supply agreement and power purchase agreement signed	October 2026	24 months	USD[REDACTED]	[REDACTED]%
Liuyang, China (A fly ash treatment project)	In operation	2025	6 months	RMB[REDACTED]	[REDACTED]%

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], to support our continuous R&D. In particular:

  - **Fly ash resource treatment technologies:** We will invest in developing resource-based treatment technologies for incineration fly ash, aiming to create integrated equipment and achieve initial engineering applications. This project will likely be allocated with up to RMB[**REDACTED**] and is scheduled for completion by 2028, with phased investments to ensure technical feasibility and stable implementation.

  - **Flue gas emission control and thermal energy and heat recovery technologies:** Efforts will focus on advancing emission control technologies for incineration flue gas, targeting reductions in nitrogen oxides and acidic gases through innovative technical routes and patentable solutions. The initiative also includes enhancing boiler and turbine efficiency and recovering low-grade heat from multiple sources. These initiatives will likely be allocated with up to RMB[**REDACTED**], with all work planned for completion by 2028.

  - **Anti-corrosion & wear resistance technologies:** Research will be conducted, either jointly or through commissioned projects, to develop anti-corrosion and wear-resistant materials for critical equipment and pollution-prone areas. This initiative will likely be allocated with up to RMB[**REDACTED**], and will help extend equipment lifespan and reduce maintenance costs, with completion targeted for 2028.

  - **Sludge and wastewater treatment technologies:** We will continue to conduct research on sludge and wastewater treatment technologies, focusing on advanced processes such as alkaline thermal treatment, membrane filtration, and intelligent dosing. These research efforts aim to enhance resource recovery and ensure environmental compliance. These initiatives will likely be allocated with up to RMB[**REDACTED**], with project completion expected by 2028.

- **Odor treatment technologies:** Investment will be made in developing advanced odor control solutions, such as source identification models, biological and chemical removal methods, and synergistic control technologies. These projects will likely be allocated with up to RMB[**REDACTED**] and are set to be completed by 2027, improving air quality and operational environments.

- **Hydrogen production from waste:** Research will focus on catalytic and biological hydrogen production from biogas and kitchen waste, as well as exploring its application in waste transfer operations. Supporting intelligent driving technologies will also be developed. These initiatives will likely be allocated with up to RMB[**REDACTED**], with completion scheduled for 2027.

- **Intelligent control technologies:** We will develop AI-driven operational decision systems, integrating perception, data analytics, and closed-loop control to optimize management and enhance safety. This comprehensive system will likely be allocated with up to RMB[**REDACTED**], and is planned for completion by 2028.

- **Resource utilization technologies:** Projects will focus on advanced solutions for kitchen waste, including anaerobic fermentation, nutrient recovery, and digestate resource utilization. Research will explore nitrogen and phosphorus recovery mechanisms through targeted microbial agents and phosphorus capture materials, improve B/C ratios and remove grease and suspended solids using a "pretreatment enhancement + directional hydrolysis" approach, and develop oil separation processes based on distribution characteristics in pre-treated waste. Additionally, a pilot demonstration line will integrate "pre-treatment + biological fermentation" to convert drying condensate into a high-efficiency carbon source for denitrification, creating a closed-loop "solidliquid" resource recovery pathway. With an estimated allocation of up to RMB[**REDACTED**], these initiatives aim to enhance resource recovery efficiency and support circular economy objectives, with completion scheduled for 2028.

- **Other waste transfer and kitchen waste processing technologies:** Additional investments will support miscellaneous innovations, such as pneumatic sealing, waste compression simulation, high-efficiency return devices, chemical precipitation, and self-cleaning filtration technologies. These projects, which will likely be allocated with up to RMB[**REDACTED**], are expected to be completed by 2027.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for general corporate purposes, including working capital needs.

The additional [**REDACTED**] that we would receive if the [**REDACTED**] is exercised in full would be HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the maximum [**REDACTED**]).

To the extent that the [**REDACTED**] from the [**REDACTED**] (including the [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the [**REDACTED**] for the above purposes on a pro rata basis.

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, we will only deposit such [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

STRUCTURE OF THE [REDACTED]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a report set out on pages I-1 to I-96, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 湖南軍信環保股份有限公司 HUNAN JUNXIN ENVIRONMENTAL PROTECTION CO., LTD., AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of 湖南軍信環保股份有限公司 Hunan Junxin Environmental Protection Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-96, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and March 31, 2026 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-96 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "Document") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and March 31, 2026 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the three months ended March 31, 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making equiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 28(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[●]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi ("RMB"))

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*4*	1,836,614	2,410,855	2,730,708	697,360	736,353
Direct costs and operating expenses		(896,507)	(1,410,177)	(1,228,086)	(321,594)	(319,602)
Gross profit		940,107	1,000,678	1,502,622	375,766	416,751
Other revenue	*5*	107,092	107,952	117,144	28,455	24,679
Other net income	*6*	36,550	21,694	12,521	1,464	4,900
Administrative and selling expenses		(175,781)	(183,653)	(268,767)	(67,686)	(68,445)
Research and development expenses	*7(c)*	(57,004)	(63,811)	(89,860)	(14,667)	(16,904)
Impairment losses under expected credit loss ("ECL") model, net of reversal		(13,095)	(9,924)	(5,686)	(16,653)	18,896
Profit from operations		837,869	872,936	1,267,974	306,679	379,877
Finance costs	*7(a)*	(135,185)	(110,257)	(116,493)	(26,190)	(33,099)
Share of (loss)/profit of an associate		–	(167)	4	33	1,613
Profit before taxation	*7*	702,684	762,512	1,151,485	280,522	348,391
Income tax	*8*	(49,888)	(76,264)	(157,467)	(44,564)	(43,516)
Profit for the year/period		652,796	686,248	994,018	235,958	304,875
Attributable to:						
Equity shareholders of the Company		513,852	536,278	716,575	172,853	219,685
Non-controlling interests		138,944	149,970	277,443	63,105	85,190
Profit for the year/period		652,796	686,248	994,018	235,958	304,875
Other comprehensive income for the year/period						
Item that will be reclassified to profit or loss:						
Exchange difference on translation of financial statements of overseas subsidiaries		–	347	(8,813)	777	(2,214)
Other comprehensive income for the year/period (after tax and reclassification adjustments)		–	347	(8,813)	777	(2,214)
Total comprehensive income for the year/period		652,796	686,595	985,205	236,735	302,661
Attributable to:						
Equity shareholders of the Company		513,852	536,625	707,762	173,630	217,471
Non-controlling interests		138,944	149,970	277,443	63,105	85,190
Total comprehensive income for the year/period		652,796	686,595	985,205	236,735	302,661
Earnings per share						
Basic and diluted (RMB)	*11*	0.90	0.91	0.92	0.23	0.28

Consolidated statements of financial position

(Expressed in RMB)

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12*	52,780	781,300	1,300,969	1,309,743
Right-of-use assets	*12*	10,077	104,185	98,853	97,507
Investment properties	*12*	–	9,000	7,554	7,192
Intangible assets	*13*	5,811,198	7,944,830	7,663,161	7,548,605
Goodwill	*14*	–	145,874	145,874	145,874
Investment in an associate		–	1,967	1,971	–
Other financial assets	*17*	601,563	478,762	30,463	300
Prepayments, trade and other receivables	*19*	292,510	259,799	184,998	183,332
Deferred tax assets	*25(b)*	20,864	62,600	48,664	52,059
		6,788,992	9,788,317	9,482,507	9,344,612
Current assets					
Inventories	*18*	28,049	36,293	41,473	42,110
Contract assets	*22*	26,384	25,667	26,294	32,735
Financial assets at fair value through profit or loss ("FVPL")	*17*	814,065	547,269	1,377,480	1,502,424
Other financial assets	*17*	153,312	137,649	459,089	492,088
Prepayments, trade and other receivables	*19*	920,771	2,002,761	1,939,201	2,056,882
Income tax recoverable	*25(a)*	–	–	1,768	28,745
Restricted cash	*20*	8,915	13,422	13,448	12,585
Cash and cash equivalents	*20*	861,370	1,444,006	1,219,757	1,220,907
		2,812,866	4,207,067	5,078,510	5,388,476
Current liabilities					
Trade and other payables	*21*	424,094	1,261,949	619,436	485,681
Contract liabilities	*22*	281	5,700	2,625	5,748
Bank loans and other borrowings	*23*	490,871	482,365	502,887	494,887
Lease liabilities	*24*	1,001	981	440	445
Income tax payable	*25(a)*	22,076	53,523	34,712	50,295
		938,323	1,804,518	1,160,100	1,037,056
Net current assets		1,874,543	2,402,549	3,918,410	4,351,420
Total assets less current liabilities		8,663,535	12,190,866	13,400,917	13,696,032
Non-current liabilities					
Other payables	*21*	–	26,500	24,108	18,128
Bank loans and other borrowings	*23*	2,155,384	2,403,742	2,505,769	2,752,604
Lease liabilities	*24*	9,169	7,216	7,260	7,351
Deferred tax liabilities	*25(b)*	–	238,767	201,055	193,208
Provisions	*26*	769,860	913,847	1,089,420	1,097,781
		2,934,413	3,590,072	3,827,612	4,069,072
NET ASSETS		5,729,122	8,600,794	9,573,305	9,626,960

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES					
Share capital	*28(c)*	410,010	515,626	789,101	789,101
Reserves	*28(d)*	4,735,499	6,339,354	6,961,364	6,929,829
Total equity attributable to equity shareholders of the Company		5,145,509	6,854,980	7,750,465	7,718,930
Non-controlling interests		583,613	1,745,814	1,822,840	1,908,030
TOTAL EQUITY		5,729,122	8,600,794	9,573,305	9,626,960

Statements of financial position of the Company

(Expressed in RMB)

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12*	28,893	27,469	26,724	26,463
Right-of-use assets	*12*	9,724	7,534	7,098	6,938
Intangible assets	*13*	834,289	773,942	702,760	685,030
Investments in subsidiaries	*16*	1,348,826	3,668,321	3,805,383	3,806,875
Other financial assets	*17*	601,563	478,762	30,463	300
Prepayments, trade and other receivables	*19*	221,111	202,505	183,181	178,193
Deferred tax assets		1,584	13,692	17,839	19,556
		3,045,990	5,172,225	4,773,448	4,723,355
Current assets					
Inventories	*18*	6,971	11,597	15,071	14,521
Contract assets		9,152	8,304	9,094	11,445
Financial assets at FVPL	*17*	814,065	547,269	1,137,346	1,207,395
Other financial assets	*17*	153,312	137,649	459,089	492,088
Prepayments, trade and other receivables	*19*	322,442	410,301	386,272	397,867
Income tax recoverable		–	–	1,768	28,745
Restricted cash	*20*	5,135	5,715	2,581	2,581
Cash and cash equivalents	*20*	481,909	807,745	479,131	292,359
		1,792,986	1,928,580	2,490,352	2,447,001
Current liabilities					
Trade and other payables	*21*	165,564	758,239	114,212	96,640
Contract liabilities		281	281	281	281
Bank loans	*23*	66,918	67,057	39,715	30,885
Lease liabilities	*24*	769	861	316	321
Income tax payable		8,066	8,897	–	–
		241,598	835,335	154,524	128,127
Net current assets		1,551,388	1,093,245	2,335,828	2,318,874
Total assets less current liabilities		4,597,378	6,265,470	7,109,276	7,042,229
Non-current liabilities					
Bank loans	*23*	193,634	126,978	197,085	359,875
Lease liabilities	*24*	9,109	7,174	7,244	7,320
Provisions	*26*	220,255	233,836	240,776	242,883
		422,998	367,988	445,105	610,078
NET ASSETS		4,174,380	5,897,482	6,664,171	6,432,151
CAPITAL AND RESERVES					
Share capital	*28(c)*	410,010	515,626	789,101	789,101
Reserves	*28(d)*	3,764,370	5,381,856	5,875,070	5,643,050
Total equity		4,174,380	5,897,482	6,664,171	6,432,151

Consolidated statements of changes in equity

(Expressed in RMB)

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(iv)*	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2023		410,010	–	2,546,874	–	114,550	1,921,846	4,993,280	546,315	5,539,595
Profit and total comprehensive income for the year		–	–	–	–	–	513,852	513,852	138,944	652,796
Appropriation to statutory reserve	*28(d)(ii)*	–	–	–	–	41,220	(41,220)	–	–	–
Equity-settled share-based transactions	*27*	–	–	7,386	–	–	–	7,386	354	7,740
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(102,000)	(102,000)
Dividend declared and paid to the shareholders of the Company	*28(b)(i)*	–	–	–	–	–	(369,009)	(369,009)	–	(369,009)
Balance at December 31, 2023		410,010	–	2,554,260	–	155,770	2,025,469	5,145,509	583,613	5,729,122

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(iv)*	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2024		410,010	–	2,554,260	–	155,770	2,025,469	5,145,509	583,613	5,729,122
Profit for the year		–	–	–	–	–	536,278	536,278	149,970	686,248
Other comprehensive income		–	–	–	347	–	–	347	–	347
Total comprehensive income		–	–	–	347	–	536,278	536,625	149,970	686,595
Appropriation to statutory reserve	*28(d)(ii)*	–	–	–	–	55,109	(55,109)	–	–	–
Equity-settled share-based transactions	*27*	–	–	4,088	–	–	–	4,088	213	4,301
Capital contribution from a non-controlling shareholder		–	–	–	–	–	–	–	24,500	24,500
Acquisition of subsidiaries through issuing of new shares	*28(d)(i)/ 15*	105,616	–	1,432,151	–	–	–	1,537,767	1,204,518	2,742,285
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(217,000)	(217,000)

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(iv)*	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Dividend declared and paid to the shareholders of the Company	*28(b)(i)*	–	–	–	–	–	(369,009)	(369,009)	–	(369,009)
Balance at December 31, 2024		515,626	–	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Balance at January 1, 2025		515,626	–	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Profit for the year		–	–	–	–	–	716,575	716,575	277,443	994,018
Other comprehensive income		–	–	–	(8,813)	–	–	(8,813)	–	(8,813)
Total comprehensive income		–	–	–	(8,813)	–	716,575	707,762	277,443	985,205
Appropriation to statutory reserve		–	–	–	–	57,929	(57,929)	–	–	–
Non-public issuance of A shares	*28(d)(i)*	48,018	–	696,422	–	–	–	744,440	–	744,440
Effect of capitalization issue	*28(b)(ii)/ (d)(i)*	225,457	–	(225,457)	–	–	–	–	–	–
Equity-settled share-based transactions	*27*	–	–	1,562	–	–	–	1,562	65	1,627
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	22,518	22,518
Repurchase of ordinary A shares	*28(d)(iv)*	–	(51,000)	–	–	–	–	(51,000)	–	(51,000)
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(223,000)	(223,000)
Dividend declared and paid to the shareholders of the Company	*28(b)(i)*	–	–	–	–	–	(507,279)	(507,279)	–	(507,279)
Balance at December 31, 2025		789,101	(51,000)	4,463,026	(8,466)	268,808	2,288,996	7,750,465	1,822,840	9,573,305

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares reserves**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)		*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2026		789,101	(51,000)	4,463,026	(8,466)	268,808	2,288,996	7,750,465	1,822,840	9,573,305
Profit for the period		–	–	–	–	–	219,685	219,685	85,190	304,875
Other comprehensive income		–	–	–	(2,214)	–	–	(2,214)	–	(2,214)
Total comprehensive income		–	–	–	(2,214)	–	219,685	217,471	85,190	302,661
Repurchase of ordinary A shares	*28(d)(iv)*	–	(249,006)	–	–	–	–	(249,006)	–	(249,006)
Balance at March 31, 2026		789,101	(300,006)	4,463,026	(10,680)	268,808	2,508,681	7,718,930	1,908,030	9,626,960

(unaudited)		Attributable to equity shareholders of the Company							
	Note	**Share capital**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2025		515,626	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Profit for the period		–	–	–	–	172,853	172,853	63,105	235,958
Other comprehensive income		–	–	777	–	–	777	–	777
Total comprehensive income		–	–	777	–	172,853	173,630	63,105	236,735
Non-public issuance of A shares	*28(d)(i)*	48,018	696,422	–	–	–	744,440	–	744,440
Equity-settled share-based transactions	*27*	–	531	–	–	–	531	26	557
Balance at March 31, 2025		563,644	4,687,452	1,124	210,879	2,310,482	7,773,581	1,808,945	9,582,526

Consolidated cash flow statements

(Expressed in RMB)

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Operating activities						
Cash generated from operations	*20(c)*	922,453	1,065,744	1,901,061	191,090	301,903
Income tax paid		(53,720)	(94,647)	(201,822)	(42,980)	(66,152)
Net cash generated from operating activities		**868,733**	**971,097**	**1,699,239**	**148,110**	**235,751**
Investing activities						
Payment for the purchase of property, plant and equipment and construction of Public-Private Partnership Projects ("PPP Projects")		(568,959)	(920,444)	(600,262)	(125,763)	(122,269)
Payment of purchase of financial assets at FVPL		(2,740,000)	(4,952,000)	(11,122,000)	(2,162,000)	(2,289,000)
Payment of purchase of Bank Certificates of Deposits ("Bank CDs")		(520,000)	(203,000)	–	–	–
Proceeds from disposal of an associate		–	–	–	–	2,084
Proceeds from repayment of loans to an associate		–	–	–	–	11,359
Proceeds from repayment of loans to a third party		–	–	–	–	27,620
Investment in unlisted equity securities at fair value through other comprehensive income ("FVOCI")		(300)	–	–	–	–
Proceeds from disposal of property, plant and equipment		363	46	691	–	315
Acquisition of subsidiaries, net of cash acquired	*15*	–	489,133	(659,043)	(659,043)	–
Proceeds from maturity of Bank CDs		–	329,183	109,001	–	–
Proceeds from repayment of entrusted loans and interest		35,382	33,242	33,201	923	580
Proceeds from disposal of financial assets at FVPL		3,633,302	5,387,895	10,307,405	1,951,079	2,169,215
Net cash (used in)/generated from investing activities		**(160,212)**	**164,055**	**(1,931,007)**	**(994,804)**	**(200,096)**
Financing activities						
Payment of capital element of lease liabilities	*20(d)*	(949)	(220)	(459)	–	–
Payment of interest element of lease liabilities	*20(d)*	(380)	(350)	(353)	–	–
Proceeds from bank loans and other borrowings	*20(d)*	80,000	588,006	593,018	77,618	268,000
Repayment of bank loans and other borrowings	*20(d)*	(380,150)	(501,106)	(463,744)	(13,328)	(29,695)

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest of bank loans and other borrowings paid	*20(d)*	(105,680)	(77,256)	(93,053)	(24,374)	(20,932)
Net proceeds from issuance of new shares		–	–	744,440	744,440	–
Proceeds of capital contributions from non-controlling shareholders		–	24,500	22,518	–	–
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid to non-controlling shareholders		(102,000)	(217,000)	(223,000)	–	–
Dividends paid to equity shareholders of the Company		(369,009)	(369,009)	(507,279)	–	–
Payment for repurchase of own shares		–	–	(51,000)	–	(249,006)
Net cash (used in)/generated from financing activities		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net (decrease)/increase in cash and cash equivalents		**(169,647)**	**582,717**	**(223,881)**	**(62,338)**	**4,022**
Cash and cash equivalents at the beginning of the year/period		**1,031,578**	**861,370**	**1,444,006**	**1,444,006**	**1,219,757**
Effect of foreign exchange rate changes		**(561)**	**(81)**	**(368)**	**26**	**(2,872)**
Cash and cash equivalents at the end of the year/period	*20(a)*	**861,370**	**1,444,006**	**1,219,757**	**1,381,694**	**1,220,907**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

湖南軍信環保股份有限公司 Hunan Junxin Environmental Protection Co., Ltd., hereinafter referred to as the "Company", was established in Changsha City, Hunan Province, the People's Republic of China (the "PRC") on September 22, 2011 as a limited liability company under the PRC Company Law. In April 2017, the Company was converted into a joint stock limited liability company. In April 2022, the Company's A Shares were listed on Shenzhen Stock Exchange ("the A Share Listing").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in clean waste-to-energy incineration; the treatment of various types of waste (including leachate, sludge, fly ash, solid waste, and others); the interim treatment, compression, and transfer of household waste; the collection, harmless treatment, and resource utilization of food waste.

The financial statements of the Company and its subsidiaries were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The Company's statutory financial statements for the years ended December 31, 2023, 2024 and 2025 were audited by Baker Tilly China Certified Public Accountants ("Baker Tilly China").

As at December 31, 2023, 2024 and 2025, March 31, 2026, and the date of this report, the Company has direct or indirect interests in the following material subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued capital/paid-up capital	Effective interest held by the Group					Principal activities and place of operation
			As at December 31,			As at March 31,2026	At the date of this report	
			2023	2024	2025			
浦湘生物能源股份有限公司 (Puxiang Bioenergy Co., Ltd. "Puxiang Bioenergy", *notes (i) and (ii)*)	The PRC December 28, 2015	RMB400,000,000/ RMB400,000,000	80%	80%	80%	80%	80%	Operation of waste-to-energy incineration projects in the PRC
湖南浦湘環保能源有限公司 (Hunan Puxiang Environmental Protection Energy Co., Ltd. "Puxiang Environmental Energy", *notes (i) and (ii)*)	The PRC April 23, 2019	RMB400,000,000/ RMB400,000,000	70%	70%	70%	70%	70%	Operation of waste-to-energy projects for co-incineration of waste and sludge in the PRC
湖南平江軍信環保有限公司 (Hunan Pingjiang Junxin Environmental Protection Co., Ltd. "Pingjiang Junxin", *notes (i) and (ii)*)	The PRC July 31, 2012	RMB24,600,000/ RMB24,600,000	100%	100%	100%	100%	100%	Operation of waste-to-energy projects for co-incineration of waste and sludge in the PRC
湖南瀏陽軍信環保有限公司 (Hunan Liuyang Junxin Environmental Protection Co., Ltd. "Liuyang Junxin", *notes (i) and (iii)*)	The PRC March 21, 2023	RMB267,782,600/ RMB187,447,820	70%	70%	70%	70%	70%	Operation of waste-to-energy incineration projects in the PRC
湖南仁和環境科技有限公司 (Hunan Renhe Environmental Technology Co., Ltd., formerly known as 湖南仁和環境股份有限公司, Hunan Renhe Environmental Co., Ltd. 湖南仁和環境有限公司 Hunan Renhe Environmental Co., Ltd., "Renhe Environment Technology", *notes (i) and (iv)*)	The PRC November 23, 2011	RMB422,300,000/ RMB422,300,000	–	63%	63%	63%	63%	Collection, harmless treatment and resource utilization of food waste in the PRC
湖南仁和環保科技有限公司 (Hunan Renhe Environmental Protection Technology Co., Ltd., "Renhe Environment Protection", *notes (i) and (iv)*)	The PRC July 1, 2004	RMB167,200,000/ RMB167,200,000	–	63%	63%	63%	63%	Interim treatment compression, and transfer of household waste in the PRC

Notes:

(i) The English translation of the names of the entities is for reference only. The official names of these entities are in Chinese. These entities were all limited liability companies under the law of the PRC.

(ii) The financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Baker Tilly China.

(iii) The financial statements of this entity period from March 21, 2023 (date of incorporation) to December 31, 2023 and the year ended December 31, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Baker Tilly China.

(iv) These entities were acquired by the Group in November 2024 and their results were not consolidated in the Historical Financial Information of the Group before the completion of the acquisition. The financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC were audited by Baker Tilly China. The pre-acquisition financial information of these entities included in the Renhe Environment Technology and its subsidiaries (together, the "Renhe Group") is disclosed in Note 34, which are prepared in consistent with the accounting policies set out in Note 2.

All companies comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards effective for the accounting period beginning on January 1, 2026, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2026 are set out in Note 35.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in RMB, rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial assets measured at their fair value (see Note 2(f)).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group elects to measure the non-controlling interests ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost. In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)).

(d) Associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of the investee, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(k)).

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(k)(ii)).

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and an associate, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(u)(ii)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

– FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see Note 2(u)(ii)).

(g) Investment property

Investment property is initially measured at cost, and subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)). Investment property is depreciated using the straight-line method over the estimated useful live of 62 months.

Any gain or loss on disposal of investment property is recognized in profit or loss. Rental income from investment properties is recognized in accordance with Note 2(u)(iii).

(h) Property, plant and equipment

The following items of property, plant and equipment, including construction in progress, are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(k)(ii)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

Buildings	20-30 years
Plant and machinery	5-20 years
Motor vehicles, electronic equipment and others	3-10 years
Leasehold improvement	Over the shorter of the lease term or the estimated useful life of the asset
Right-of-use assets	lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

Project operating rights	Concession period
Software	3-7 years
Patents and trademarks	2-18 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(u)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses ("ECL"s) on:

– financial assets measured at amortized cost (including cash and cash equivalents, restricted cash, bills receivables, receivables arising from services concession arrangements, trade and other receivables, rental deposit and other financial assets measured at amortized cost); and

– contract assets;

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when:

– the probability of default for the remaining duration has increased by more than a certain percentage compared to the initial recognition; or

– significant adverse changes in operations or financial situation of the debtor.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see Note 2(f)).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being past due;
- due to economic or contractual considerations related to the debtor's financial difficulties, gives the debtor no other option concessions;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties of the issuer;
- purchase or generate a financial asset at a significant discount that reflects the fact of credit loss; or
- the credit loss of financial assets may be caused by the combined effect of multiple events, and may not necessarily be caused by identifiable events.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(u)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(k)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(n)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(u)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(n)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)(ii)).

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(k)(i)).

(p) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(w).

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the defined contribution basic pension insurance. There are no forfeited contributions for the defined contribution basic pension insurance in the PRC social insurance system as the contributions are fully vested to the employees upon payment to the scheme.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the income approach model or recent transaction price if accessible for shares granted. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) Provisions and contingent liabilities

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

The Group has contractual obligations that it must fulfill as a condition of its licence to maintain or restore the infrastructure to a specified level of serviceability during or the end of the service concession arrangements. These contractual obligations to maintain or restore infrastructure, except for any upgrade element, is recognized and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of each reporting period in the consolidated statements of financial position.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition are as follows:

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group satisfied a performance obligation and recognizes revenue over time, if one of the following criteria is met:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

– the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognizes revenue at the point in time when the performance obligation is satisfied. If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at the point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

When the Group provides more than one service in a service concession arrangement, the transaction price will be allocated to each performance obligation by reference to their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(a) Construction service revenue

The Group's performance in respect of construction services creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognizes revenue over time using an input method to measure progress towards complete satisfaction of the service. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Revenue from construction services under a service concession agreement is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

(b) Sales of electricity and industrial-grade mixed oil

The Group recognized revenue when transfers the control over electricity and industrial-grade mixed oil to customers (i.e. goods accepted by customers)/satisfies the performance obligation in the contract.

(c) Waste treatment services, food waste collection, household waste interim treatment, compression and transfer services and other operation services

The Group recognized revenue from various waste treatment services, waste collection and other operation services when the related services are rendered.

(ii) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(iv) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on straight-line basis over the useful life of the asset.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of operations outside Mainland China, including fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

(a) Service concession arrangements

The Group enters into service concession arrangements with government agencies to build and/or operate waste treatment plants. The Group recognizes the consideration for the construction services as financial assets and/or intangible assets for service concession arrangements within the scope of IFRIC 12.

The related amounts are material and the application of IFRIC 12 requires significant management judgment, including the applicability of IFRIC 12 and measurement model.

(b) Construction contracts

The Group recognizes the revenue from construction services over a period of time in accordance with the progress of performance. The progress of performance is determined using the input method, which is determined according to the proportion of the cumulative actual construction service costs incurred during the construction process to the estimated total construction costs; the standalone selling price of the construction services is determined on a cost-plus basis with reference to a prevailing market rate of gross margin applicable to similar construction services rendered.

During the Track Record Period, the management believes the Group's input other than those outsourced to its supplier would be immaterial to the construction services and therefore the standalone selling price of the construction services is close to the construction cost.

(c) Provision for ECLs for trade receivables, receivables arising from service concession arrangements and contract assets

The Group uses a ECL model to calculate ECLs for trade receivables, receivables arising from service concession arrangements and contract assets. The model takes into account of supportable and reasonable information such as the historical settlement pattern, ageing profiles, credit loss experience, credit ratings of comparables with published credit ratings and forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience, credit ratings of comparables with published credit ratings and forecast of economic conditions may also not be representative of a customer's actual default in the future.

(d) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future periods.

(e) Provisions for maintenance and restoration of infrastructure under service concession arrangements

The Group has contractual obligations that it must fulfil as a condition of its licence to maintain or restore the infrastructure to a specified level of serviceability during or at the end of the service concession arrangements. These contractual obligations to maintain infrastructure, except for any upgrade element, shall be recognized and measured in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets* at the best estimate of the both the amount and timing of relevant expenditure that would be required to settle the present obligation and the discount rate at the end of each reporting period in the consolidated statements of financial position. Should the payments and timing to settle the expenditure differ from the estimates, the provisions recognized in the consolidated statements of financial position at the end of each reporting period and the amount to be capitalized will change.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are clean waste-to-energy incineration; the treatment of various types of waste (including leachate, sludge, fly ash, solid waste, and others); the interim treatment, compression, and transfer of household waste; the collection, harmless treatment, and resource utilization of food waste.

Revenue represents the revenue from electricity sales, waste treatment services, construction services, food waste collection, household waste interim treatment and transfer services and sales of industrial-grade mixed oil. The amount of each significant category of revenue recognized for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 is as follows:

(i) Disaggregation of revenue

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:					
Revenue from sales of electricity	698,230	685,285	837,835	204,266	247,461
Revenue from waste treatment services	796,056	811,752	862,631	229,866	234,594
– Waste incineration	355,905	353,982	347,050	94,418	104,276
– Sludge	212,748	203,155	219,062	53,157	52,859
– Sewage and leachate	88,197	107,655	83,881	17,709	20,336
– Food waste	–	13,136	115,614	33,460	29,744
– Flying ash	104,510	95,384	68,353	23,758	19,988
– Landfill	34,696	38,440	27,384	7,045	6,978
– Others	–	–	1,287	319	413
Revenue from construction services	341,563	836,939	76,283	47,000	23,624
Revenue from household waste interim treatment, and transfer services	–	54,047	684,966	154,393	171,290
Revenue from food waste collection	–	4,568	65,404	16,201	15,741
Revenue from sales of industrial-grade mixed oil	–	17,280	198,730	44,421	42,281
Others	740	682	1,231	306	442
	1,836,589	2,410,553	2,727,080	696,453	735,433
Revenue from other sources:					
Rental income	25	302	3,628	907	920
Total	**1,836,614**	**2,410,855**	**2,730,708**	**697,360**	**736,353**

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers					
Point in time	1,495,026	1,573,614	2,650,797	649,453	711,809
Over time	341,563	836,939	76,283	47,000	23,624
	1,836,589	2,410,553	2,727,080	696,453	735,433

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

The aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts as at December 31, 2023, 2024 and 2025 and March 31, 2026 is RMB847,412,000, RMB47,000,000, RMB62,117,000 and RMB44,844,000, respectively. This amount represents revenue expected to be recognized in the future from construction contracts and sales contracts for industrial-grade mixed oil entered into by the customers with the Group. The Group will recognize the expected revenue in future when the product is transferred or as the work is completed, which have been fully transfered or completed subsequently.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by services lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

– Waste-to-energy project construction and operation which includes construction and operation of the waste-to-energy projects, landfill projects and related projects.

– Municipal waste interim treatment project operation which include the provision of food waste collection, household waste interim treatment and transfer services, treatment of food waste and sales of industrial-grade mixed oil.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment profit represents the profit before taxation earned by each segment without allocation of central administration costs (inclusive of directors' emoluments), share of loss of an associate, interests income on bank deposits, loans to a related party and other financial assets and other net income.

Disaggregation of revenue, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Year ended December 31, 2023		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	1,836,614	–	1,836,614
Segment profit	730,465	–	730,465
Central administration costs			(96,519)
Interests income on bank deposits and other financial assets			32,188
Other net income			36,550
Profit before taxation			702,684

	Year ended December 31, 2024		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	2,320,160	90,695	2,410,855
Segment profit	768,377	27,918	796,295
Central administration costs			(86,942)
Share of loss of an associate			(167)
Interests income on bank deposits, loans to a related party and other financial assets			31,632
Other net income			21,694
Profit before taxation			762,512

	Year ended December 31, 2025		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	1,647,618	1,083,090	2,730,708
Segment profit	779,379	415,256	1,194,635
Central administration costs			(80,212)
Share of gain in an associate			4
Interests income on bank deposits, loans to a related party and other financial assets			24,537
Other net income			12,521
Profit before taxation			1,151,485

	Three months ended March 31, 2025 (unaudited)		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	444,615	252,745	697,360
Segment profit	212,837	85,324	298,161
Central administration costs			(26,357)
Share of gain in an associate			33
Interests income on bank deposits, loans to a related party and other financial assets			7,221
Other net income			1,464
Profit before taxation			280,522

	Three months ended March 31, 2026		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	472,646	263,707	736,353
Segment profit	228,389	124,081	352,470
Central administration costs			(18,324)
Share of gain in an associate			1,613
Interests income on bank deposits, loans to a related party and other financial assets			7,732
Other net income			4,900
Profit before taxation			348,391

(ii) Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(iii) Geographic information

The following table sets information about the geographical location of the Group's prepayment for purchase of other property, plant and equipment, property, plant and equipment, right-of-use assets, investment properties, intangible assets, goodwill and investment in an associate ("Specific Non-current Assets"). The geographical location of the Specific Non-current Assets is based on (i) the physical location of the asset or where the underlying assets to be purchased are to be located, in the case of property, plant and equipment, right-of-use assets, investment properties and prepayment for purchase of other property, plant and equipment; and (ii) the location of the operation to which they are allocated, in the case of intangible assets, goodwill and investment in an associate.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Specific non-current assets				
– China	5,945,454	8,977,569	8,605,201	8,493,400
– Oversea	–	66,900	614,998	620,660
	5,945,454	9,044,469	9,220,199	9,114,060

The geographical location of customers is based on the location at which the services were provided. For the years ended December 31, 2023, 2024, and 2025 and the three months ended March 31, 2025 (unaudited) and 2026, majority of the Group's revenue are from PRC based on the customers' country of domicile.

(iv) Information about major customers

Revenue from each of the major customers, with whom transactions contributed to 10% or more of the Group's revenue, is set out below:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A *(Note (b))*	778,483	819,075	1,432,609	358,589	368,190
Customer B *(Note (b))*	698,230	685,278	829,264	204,266	222,466
Customer C *(Note (c))*	284,712	484,946	N/A *(note (a))*	N/A *(note (a))*	N/A *(note (a))*
Customer *D (Note (c))*	N/A *(note (a))*	330,174	N/A *(note (a))*	N/A *(note (a))*	N/A *(note (a))*

Notes:

(a) The corresponding revenue did not contribute 10% or more of the total revenue of the Group.

(b) Revenue from all two operating segments as defined in Note 4(b).

(c) Revenue from Waste-to-energy project construction and operation segment as defined in Note 4(b).

5 OTHER REVENUE

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income on bank deposits	14,757	10,073	8,797	2,602	872
Interest income on loans to a related party	–	34	397	98	30
Interest income on loans to a third party	–	–	–	–	3,414
Finance income from service concession arrangements	20,835	19,793	17,109	4,649	4,038
Interest income from other financial assets	17,431	21,525	15,343	4,521	3,416
Value-added tax ("VAT") refund and super deduction *(notes (i) and (ii))*	50,782	54,304	66,546	15,610	11,559
Government grants *(note (iii))*	3,287	2,223	8,952	975	1,350
	107,092	107,952	117,144	28,455	24,679

Notes:

(i) VAT refund

In accordance with the relevant provisions of the "Announcement on Improving VAT Policies for Comprehensive Utilization of Resources" (Announcement No. 40 of 2021 issued by the Ministry of Finance and State Administration of Taxation), since March 1, 2022, the Group's revenue from sales of electricity, sales of industrial-grade mixed oil, and part of waste treatment services are all included in the catalog of "Value Added Tax Preferential Utilization Products and Labor Services (2022 Edition)", and therefore the value-added tax arising from such revenue is subjected to VAT refund ranging from 70% to 100% of the VAT paid.

(ii) VAT super deduction

On January 13, 2023, the Public Announcement on Clarification on VAT deduction and VAT exemption for Small-scale Taxpayers and Other Policies, pursuant to which the super deduction of VAT has been adjusted to 5% for the year ended December 31, 2023. Such policy expired on December 31, 2023.

(iii) Other government grants

Government grants other than VAT refund represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC, mainly including unconditional awards for incentive for the Group's research and development activities.

6 OTHER NET INCOME

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Investment income and net fair value changes on financial assets at FVPL	34,692	18,936	15,616	3,876	5,574
Foreign exchange (loss)/gain	(561)	1,510	(2,995)	(2,214)	(2,893)
Others	2,419	1,248	(100)	(198)	2,219
	36,550	21,694	12,521	1,464	4,900

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank loans and other borrowings		104,547	76,087	84,646	26,170	21,462
Interest on lease liabilities		380	350	315	79	96
Unwinding of discount on provisions	*26*	30,479	43,553	40,587	8,052	11,541
Total interest expense		135,406	119,990	125,548	34,301	33,099
Less: interest expense capitalized into project operating rights under construction *(note)*		(221)	(9,733)	(9,055)	(8,111)	–
		135,185	110,257	116,493	26,190	33,099

Note: The borrowing costs have been capitalized at rates of 3.20%, 2.45%-3.2% and 2.35%-3.65% and 2.45%-3.2% (unaudited) and nil, for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, per annum.

(b) Staff costs (including directors' and supervisors' emoluments)

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	173,213	220,697	328,163	80,379	83,985
Share-based payment expenses	7,740	4,301	1,627	557	–
Contributions to defined contribution retirement plan	6,482	8,102	15,594	4,323	4,057
	187,435	233,100	345,384	85,259	88,042

The Group has no other material obligations for payments of pension benefits beyond the contributions above.

(c) Other items

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Amortization cost of intangible assets *(Note 13)*	284,294	304,846	548,569	130,934	139,701
Depreciation charge *(Note 12)*					
– owned property, plant and equipment	6,423	16,826	107,653	28,868	34,301
– investment properties	–	121	1,446	362	362
– right-of-use assets	903	1,566	5,485	2,351	1,354
	7,326	18,513	114,584	31,581	36,017
Auditors' remuneration	3,832	4,232	1,698	–	–
Cost of inventories	121,141	125,311	136,916	30,773	57,809
Research and development expenses *(note)*	57,004	63,811	89,860	14,667	16,904
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Note: For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, research and development expenses include RMB40,254,000, RMB49,080,000, RMB74,171,000, RMB12,038,000 (unaudited) and RMB12,543,000, respectively relating to cost of inventories, staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in Notes 7(b) and (c) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax – PRC corporate income tax *(Note 25(a))*					
Provision for the year/period	57,005	108,672	186,547	48,322	54,758
Under-provision in respect of prior years	3,402	9	(5,304)	–	–
	60,407	108,681	181,243	48,322	54,758
Deferred tax					
Origination and reversal of temporary differences *(Note 25(b))*	(10,519)	(32,417)	(23,776)	(3,758)	(11,242)
	49,888	76,264	157,467	44,564	43,516

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before taxation	702,684	762,512	1,151,485	280,522	348,391
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned *(notes (i) and (ii))*	175,671	190,628	287,871	70,131	87,101

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Effect of different tax rates applicable to subsidiaries and tax concession *(notes (iii), (iv), (v) and (vi))*	(127,147)	(95,970)	(110,717)	(23,766)	(37,835)
Under-provision in respect of prior years	3,402	9	(5,304)	–	–
Tax effect of non-deductible expenses	3,476	2,366	1,655	1,005	639
Tax effect of non-taxable income *(note (vii))*	–	(271)	(3,122)	(697)	(659)
Tax effect of utilization of tax losses not recognized	–	(1,492)	(34)	–	(136)
Effect of environmental protection special equipment deduction *(note (ix))*	–	(9,985)	–	–	–
Tax effect of deductible temporary differences not recognized	36	3	9	45	–
Tax effect of utilization of deductible temporary differences not recognized	–	–	–	–	(3,097)
Tax effect of additional deduction for qualified research and development expenses *(note (viii))*	(5,550)	(9,024)	(12,891)	(2,154)	(2,497)
Actual tax expense	49,888	76,264	157,467	44,564	43,516

Notes:

(i) The Group's subsidiaries in Hong Kong, Kazakhstan and Mongolia did not have any assessable profits for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026. The Group's subsidiary in Kyrgyzstan was qualified for a producer of electricity as stipulated under the Tax Code of the Kyrgyz Republic, and is entitled to exemption of corporate income tax from 2025 to 2029.

(ii) Taxable income for the Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, unless otherwise specified.

(iii) The Company, Puxiang Bioenergy and Puxiang Environmental Energy were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law of the PRC, and such earnings were eligible for a tax exemption for the first year to the third year, and a 50% reduction in PRC corporate income tax for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "3+3 Tax Holiday"). The details are as follows:

- Fly ash treatment project conduced by the Company and Puxiang Environmental Energy were entitled to 3+3 Tax Holiday from January 1, 2021 to December 31, 2026;
- Puxiang Bioenergy was entitled to 3+3 Tax Holiday from January 1, 2018 to December 31, 2023;
- Pingjiang Junxin was entitled to 3+3 Tax Holiday from January 1, 2024 to December 31, 2029; and
- Liuyang Junxin was entitled to 3+3 Tax Holiday from January 1, 2025 to December 31, 2030.

(iv) The Company (excluding the taxable profit from fly ash treatment project) was a qualified enterprise engaged in maintenance of environmental pollution control facilities and were eligible for a preferential tax rate of 15% from January 1, 2019 onwards.

(v) Pingjiang Junxin was a qualified enterprise engaged in maintenance of environmental pollution control facilities and were eligible for a preferential tax rate of 15% from January 1, 2023 onwards.

(vi) According to the Enterprise Income Tax Law of the PRC and its relevant regulations, entities that qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%. The details are as follows:

- Puxiang Bioenergy and Renhe Environment Protection were qualified as a high-technology enterprises and were subject to a preferential income tax rate of 15% from 2024 to 2026; and
- Renhe Environment Technology was qualified as a high-technology enterprises and was subject to a preferential income tax rate of 15% from 2022 to 2024, and has renewed its qualification and continued to be subject the preferential tax rate of 15% from 2025 to 2027.

(vii) The revenue from sales of electricity generated by biogas and sales of industrial-grade mixed oil were within the Catalog of Tax Incentives for Enterprises Engaged in Comprehensive Resource Utilization (2021 Edition) and were subject to 10% deduction in revenue when calculating income tax.

(viii) Under the Enterprise Income Tax Law of the PRC and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenditure from October 1, 2022 onwards.

(ix) Under the Enterprise Income Tax Law of the PRC and its relevant regulations, qualified addition of certain equipment for environmental protection, water and energy conservation was subject to direct deduction on income tax by 10% of the purchase amount.

9 DIRECTORS AND SUPERVISORS' EMOLUMENTS

Directors and supervisors' emoluments as recorded in the Historical Financial Information are as follows:

	Year ended December 31, 2023						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	3,696	14	5	62	3,777	866	4,643
Executive directors							
Mr. Leng Chaoqiang	120	345	14,383	58	14,906	1,475	16,381
Mr. Qin Shishun	–	291	433	49	773	95	868
Mr. Zhou Chongbo	–	205	55	40	300	108	408
Non-executive directors							
Mr. He Yingpin	1,220	–	–	–	1,220	–	1,220
Ms. Guan Qiong He	132	–	–	–	132	–	132
Independent non-executive directors							
Dr. Dai Tagen	132	–	–	–	132	–	132
Mr. Lan Libo	132	–	–	–	132	–	132
Dr. Li Yi	132	–	–	–	132	–	132
Supervisors							
Mr. Wang Zhiming	–	302	80	40	422	388	810
Mr. Guo Zhuoyan	–	162	125	27	314	27	341
Ms. Xu Huisi	–	216	217	15	448	27	475
	5,564	1,535	15,298	291	22,688	2,986	25,674

	Year ended December 31, 2024						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note(i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	3,912	4	4,830	54	8,800	490	9,290
Executive directors							
Mr. Leng Chaoqiang	120	936	3,139	25	4,220	813	5,033
Mr. Qin Shishun	–	238	465	19	722	52	774
Mr. Zhou Chongbo	–	173	151	15	339	60	399
Non-executive directors							
Mr. He Yingpin	1,221	–	–	–	1,221	–	1,221
Ms. Guan Qiong He	132	–	–	–	132	–	132
Independent non-executive directors							
Dr. Dai Tagen	132	–	–	–	132	–	132
Mr. Lan Libo	132	–	–	–	132	–	132
Dr. Li Yi	132	–	–	–	132	–	132
Supervisors							
Mr. Wang Zhiming	–	204	253	18	475	214	689
Mr. Guo Zhuoyan	–	161	201	12	374	15	389
Ms. Xu Huisi	–	243	265	17	525	15	540
	5,781	1,959	9,304	160	17,204	1,659	18,863

	Year ended December 31, 2025						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	4,895	14	4,485	8	9,402	186	9,588
Executive directors							
Mr. Leng Chaoqiang	120	945	3,524	26	4,615	309	4,924
Mr. Qin Shishun	–	281	1,160	20	1,461	20	1,481
Mr. Zhou Chongbo *(note (iii))*	–	5	7	–	12	3	15
Mr. Dai Bin *(note (iv))*	–	209	794	17	1,020	6	1,026
Mr. Hu Shiti *(note (iv))*	–	1,543	1,053	40	2,636	–	2,636
Non-executive directors							
Mr. He Yingpin	1,220	–	–	–	1,220	–	1,220
Ms. Guan Qiong He *(note (ii))*	5	–	–	–	5	–	5
Mr. Xia Liang *(note (vii))*	–	68	106	5	179	1	180
Independent non-executive directors							
Dr. Dai Tagen	132	–	–	–	132	–	132
Mr. Lan Libo	132	–	–	–	132	–	132
Dr. Li Yi	132	–	–	–	132	–	132
Ms. Chan Ka Lai *(note (vii))*	54	–	–	–	54	–	54
Supervisors *(note (viii))*							
Mr. Wang Zhiming	–	121	145	11	277	81	358
Mr. Guo Zhuoyan	–	96	99	8	203	6	209
Ms. Xu Huisi	–	115	168	10	293	6	299
	6,690	3,397	11,541	145	21,773	618	22,391

	Three months ended March 31, 2025 (unaudited)						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	1,089	1	3,200	14	4,304	64	4,368
Executive directors							
Mr. Leng Chaoqiang	30	234	405	7	676	107	783
Mr. Qin Shishun	–	60	48	5	113	7	120
Mr. Zhou Chongbo *(note (iii))*	–	5	4	–	9	8	17
Mr. Dai Bin *(note (iv))*	–	49	50	4	103	2	105
Mr. Hu Shiti *(note (iv))*	–	380	–	10	390	–	390
Non-executive directors							
Mr. He Yingpin	305	–	–	–	305	–	305
Ms. Guan Qiong He *(note (ii))*	5	–	–	–	5	–	5
Independent non-executive directors							
Dr. Dai Tagen	33	–	–	–	33	–	33
Mr. Lan Libo	33	–	–	–	33	–	33
Dr. Li Yi	33	–	–	–	33	–	33
Supervisors *(note (viii))*							
Mr. Wang Zhiming	–	52	35	4	91	28	119
Mr. Guo Zhuoyan	–	41	29	3	73	2	75
Ms. Xu Huisi	–	49	36	4	89	2	91
	1,528	871	3,807	51	6,257	220	6,477

	Three months ended March 31, 2026						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	1,065	6	–	–	1,071	–	1,071
Executive directors							
Mr. Leng Chaoqiang	30	235	405	7	677	–	677
Mr. Qin Shishun	–	72	54	5	131	–	131
Mr. Dai Bin *(note (iv))*	–	52	82	5	139	–	139
Mr. Hu Shiti *(note (iv))*	–	672	249	9	930	–	930
Non-executive directors							
Mr. He Yingpin	305	1	–	–	306	–	306
Mr. Xia Liang *(note (vii))*	–	42	43	3	88	–	88
Independent non-executive directors							
Dr. Dai Tagen	33	–	–	–	33	–	33
Mr. Lan Libo	33	–	–	–	33	–	33
Dr. Li Yi	33	–	–	–	33	–	33
Ms. Chan Ka Lai *(note (vii))*	33	–	–	–	33	–	33
	1,532	1,080	833	29	3,474	–	3,474

Notes:

(i) These represent the estimated value of restricted stock units to the directors and supervisors under the Group's employee stock incentive scheme. The value of these restricted stock units is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(r)(ii). The details of share-based payments, including are disclosed in Note 27.

(ii) Ms. Guan Qiong He resigned as the director of the Company on January 10, 2025.

(iii) Mr. Zhou Chongbo resigned as the executive director of the Company on January 10, 2025.

(iv) Mr. Dai Bin and Mr. Hu Shiti were appointed as executive directors of the Company on January 10, 2025.

(v) For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, the executive directors and the supervisors have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

(vi) For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor has waived or agreed to waive any emoluments for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026.

(vii) Ms. Chan Ka Lai was appointed as an independent non-executive director of the Company on August 6, 2025. Mr. Xia Liang was appointed as a non-executive director of the Company on August 6, 2025. Before the appointment, Mr. Xia Liang also took management position of the Group, the amount only reflected his emolument after the appointment as a director.

(viii) Pursuant to the latest laws regulations of the China Securities Regulatory Commission, shareholders of the Company passed a resolution at the general meeting held in August 2025 to abolish the supervisory committee of the Company effective immediately. After the abolishment of the supervisory committee, the supervisors continue to be employees of the Group, the amounts did not reflect their emolument after the abolishment.

10 INDIVIDUALS WITH HIGHEST REMUNERATION

During the Track Record Period, the five individuals with the highest remuneration are all directors or supervisors whose remunerations are disclosed in Note 9.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 is based on the profit for the year/period attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue.

The weighted average number of ordinary shares has been adjusted retrospectively from January 1, 2023 for the effect of capitalization issues in 2025 (see Note 28(b)(ii)).

(i) Profit attributable to equity shareholders of the Company

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit attributable to equity shareholders of the Company	513,852	536,278	716,575	172,853	219,685

(ii) Weighted average number of ordinary shares

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*'000 (unaudited)*	*'000*
Issued ordinary shares at the beginning of the year/period	410,010	410,010	515,626	515,626	789,101
Effect of issuance of ordinary shares *(Note 28(c))*	–	–	44,017	32,012	–
Effect of issuance of ordinary shares related to acquisition of subsidiaries *(Note 28(c))*	–	8,801	–	–	–
Effect of treasury shares *(Note 28(d)(iv))*	–	–	(1,201)	–	(2,481)
Effect of capitalization issues *(Note 28(b)(ii))*	164,004	167,525	223,857	219,055	–
Weighted average number of ordinary shares at December 31/ March 31	574,014	586,336	782,299	766,693	786,620

(b) Diluted earnings per share

During the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2025 (unaudited) and 2026, there were no dilutive potential ordinary shares issued. Therefore, diluted earnings per share were the same as basic earnings per share.

This DOCUMENT is in draft form, incomplete and subject to change and that the information must be read in conjunction with the section headed "Warning" on the cover of this DOCUMENT.

12 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

The Group:

	Buildings	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Motor vehicles and others – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:												
At January 1, 2023	–	27,894	24,223	5,112	19,947	77,176	8,923	–	–	8,923	–	86,099
Additions	–	3,714	4,394	1,628	12,176	21,912	–	2,858	–	2,858	–	24,770
Disposals	–	–	(762)	–	–	(762)	–	–	–	–	–	(762)
At December 31, 2023 and January 1, 2024	–	31,608	27,855	6,740	32,123	98,326	8,923	2,858	–	11,781	–	110,107
Additions	1,374	2,033	3,210	315	60,470	67,402	69	493	852	1,414	–	68,816
Disposals	–	(20)	(121)	–	–	(141)	–	(2,313)	–	(2,313)	–	(2,454)
Transfer from construction in progress	–	124	–	–	(124)	–	–	–	–	–	–	–
Acquisition from business combination *(Note 15)*	306,971	190,764	69,172	97,188	13,914	678,009	96,088	–	–	96,088	9,121	783,218
At December 31, 2024 and January 1, 2025	308,345	224,509	100,116	104,243	106,383	843,596	105,080	1,038	852	106,970	9,121	959,687
Additions	2,831	2,862	11,517	252	617,604	635,066	–	144	–	144	–	635,210
Disposals	(87)	(1,092)	(1,120)	–	–	(2,299)	–	–	–	–	–	(2,299)
Exchange adjustment	(3,294)	(2,918)	(90)	–	32	(6,270)	–	–	–	–	–	(6,270)
Transfer from construction in progress	328,010	288,191	2,300	3,549	(622,050)	–	–	–	–	–	–	–
At December 31, 2025 and January 1, 2026	635,805	511,552	112,723	108,044	101,969	1,470,093	105,080	1,182	852	107,114	9,121	1,586,328
Additions	–	473	1,545	–	52,689	54,707	16	–	–	16	–	54,723
Disposals	(135)	(1,503)	(20)	–	–	(1,658)	–	–	–	–	–	(1,658)
Exchange adjustment	(7,238)	(3,154)	(71)	–	–	(10,463)	–	–	–	–	–	(10,463)
Transfer from construction in progress	7,583	17,056	–	133	(24,772)	–	–	–	–	–	–	–
At March 31, 2026	636,015	524,424	114,177	108,177	129,886	1,512,679	105,096	1,182	852	107,130	9,121	1,628,930

	Buildings	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Motor vehicles and others – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:												
At January 1, 2023	–	(20,531)	(17,960)	(1,394)	–	(39,885)	(801)	–	–	(801)	–	(40,686)
Charge for the year	–	(1,655)	(3,150)	(1,618)	–	(6,423)	(444)	(459)	–	(903)	–	(7,326)
Written back on disposals	–	–	762	–	–	762	–	–	–	–	–	762
At December 31, 2023 and January 1, 2024	–	(22,186)	(20,348)	(3,012)	–	(45,546)	(1,245)	(459)	–	(1,704)	–	(47,250)
Charge for the year	(3,127)	(5,271)	(4,678)	(3,750)	–	(16,826)	(818)	(706)	(42)	(1,566)	(121)	(18,513)
Written back on disposals	–	20	56	–	–	76	–	485	–	485	–	561
At December 31, 2024 and January 1, 2025	(3,127)	(27,437)	(24,970)	(6,762)	–	(62,296)	(2,063)	(680)	(42)	(2,785)	(121)	(65,202)
Charge for the year	(37,341)	(32,325)	(19,049)	(18,938)	–	(107,653)	(5,017)	(266)	(202)	(5,485)	(1,446)	(114,584)
Exchange adjustment	9	–	–	–	–	9	1	–	8	9	–	18
Written back on disposals	12	752	52	–	–	816	–	–	–	–	–	816
At December 31, 2025 and January 1, 2026	(40,447)	(59,010)	(43,967)	(25,700)	–	(169,124)	(7,079)	(946)	(236)	(8,261)	(1,567)	(178,952)
Charge for the period	(12,237)	(12,558)	(5,028)	(4,478)	–	(34,301)	(1,261)	(54)	(39)	(1,354)	(362)	(36,017)
Exchange adjustment	(3)	(1)	(1)	–	–	(5)	2	–	(10)	(8)	–	(13)
Written back on disposals	53	433	8	–	–	494	–	–	–	–	–	494
At March 31, 2026	(52,634)	(71,136)	(48,988)	(30,178)	–	(202,936)	(8,338)	(1,000)	(285)	(9,623)	(1,929)	(214,488)
Net book value:												
At March 31, 2026	583,381	453,288	65,189	77,999	129,886	1,309,743	96,758	182	567	97,507	7,192	1,414,442
At December 31, 2025	595,358	452,542	68,756	82,344	101,969	1,300,969	98,001	236	616	98,853	7,554	1,407,376
At December 31, 2024	305,218	197,072	75,146	97,481	106,383	781,300	103,017	358	810	104,185	9,000	894,485
At December 31, 2023	–	9,422	7,507	3,728	32,123	52,780	7,678	2,399	–	10,077	–	62,857

The Company

	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:									
At January 1, 2023	20,169	15,008	5,112	19,947	60,236	8,902	–	8,902	69,138
Additions	1,658	1,578	15	929	4,180	–	2,313	2,313	6,493
Disposals	–	(162)	–	–	(162)	–	–	–	(162)
At December 31, 2023 and January 1, 2024	21,827	16,424	5,127	20,876	64,254	8,902	2,313	11,215	75,469
Additions	696	1,959	20	410	3,085	–	397	397	3,482
Disposals	–	(96)	–	–	(96)	–	(2,313)	(2,313)	(2,409)
At December 31, 2024 and January 1, 2025	22,523	18,287	5,147	21,286	67,243	8,902	397	9,299	76,542
Additions	96	2,167	–	12	2,275	–	144	144	2,419
At December 31, 2025 and January 1, 2026	22,619	20,454	5,147	21,298	69,518	8,902	541	9,443	78,961
Additions	–	254	–	–	254	–	–	–	254
At March 31, 2026	22,619	20,708	5,147	21,298	69,772	8,902	541	9,443	79,215

	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:									
At January 1, 2023	(19,469)	(10,826)	(1,394)	–	(31,689)	(783)	–	(783)	(32,472)
Charge for the year	(432)	(2,005)	(1,396)	–	(3,833)	(441)	(267)	(708)	(4,541)
Written back on disposals	–	161	–	–	161	–	–	–	161
At December 31, 2023 and January 1, 2024	(19,901)	(12,670)	(2,790)	–	(35,361)	(1,224)	(267)	(1,491)	(36,852)
Charge for the year	(799)	(2,177)	(1,447)	–	(4,423)	(425)	(334)	(759)	(5,182)
Written back on disposals	–	10	–	–	10	–	485	485	495
At December 31, 2024 and January 1, 2025	(20,700)	(14,837)	(4,237)	–	(39,774)	(1,649)	(116)	(1,765)	(41,539)
Charge for the year	(470)	(1,640)	(910)	–	(3,020)	(390)	(190)	(580)	(3,600)
At December 31, 2025 and January 1, 2026	(21,170)	(16,477)	(5,147)	–	(42,794)	(2,039)	(306)	(2,345)	(45,139)
Charge for the period	(89)	(426)	–	–	(515)	(106)	(54)	(160)	(675)
At March 31, 2026	(21,259)	(16,903)	(5,147)	–	(43,309)	(2,145)	(360)	(2,505)	(45,814)
Net book value:									
At March 31, 2026	1,360	3,805	–	21,298	26,463	6,757	181	6,938	33,401
At December 31, 2025	1,449	3,977	–	21,298	26,724	6,863	235	7,098	33,822
At December 31, 2024	1,823	3,450	910	21,286	27,469	7,253	281	7,534	35,003
At December 31, 2023	1,926	3,754	2,337	20,876	28,893	7,678	2,046	9,724	38,617

Notes:

(i) As at December 31, 2023, 2024 and 2025 and March 31, 2026, certain of the Group's property, plant and equipment, investment properties and right-of-use assets with an aggregate net book value of nil, RMB225,514,000, RMB165,638,000 and RMB156,330,000 were pledged to secure loans to the Group, respectively, further details of which are included in Note 23.

(ii) Due to failure to complete the construction application procedures and other reasons, the Group did not have certificates of ownership for certain properties located in mainland China. As at December 31, 2023, 2024 and 2025 and March 31, 2026, these properties with an aggregate net book value of nil, RMB8,032,000, RMB6,849,000 and RMB6,553,000, respectively. The directors of the Group are of the opinion that the proportion of these properties in relation to the completed buildings and structures is relatively insignificant. In addition, these properties are not the main production and operation sites of the Group, and will not have a significant adverse impact on the sustainable operation of the Group.

(b) Right-of-use assets

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
Leasehold land and buildings – Right-of-use assets	903	1,524	5,283	2,309	1,315
Motor vehicles and others – Right-of-use assets	–	42	202	42	39
	903	1,566	5,485	2,351	1,354
Interest on lease liabilities *(Note 7(a))*	380	350	315	79	96
Expense relating to short-term leases	48	189	686	–	488

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(e) and 29(b).

(c) Investment properties

The Group leases out investment properties under operating leases. As at December 31,2024 and 2025 and March 31, 2026, the leases typically run for an initial period of 5-6 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,778	4,078	4,078
After 1 year but within 2 years	4,078	4,078	4,078
After 2 years but within 3 years	4,078	4,078	4,078
After 3 years but within 4 years	4,078	4,078	4,078
After 4 years but within 5 years	4,078	1,359	340
After 5 years	1,359	–	–
	21,449	17,671	16,652

13 INTANGIBLE ASSETS

The Group:

	Patents and trademarks	Software	Project operating rights	Project operation rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2023	–	1,317	6,860,783	2,505	6,864,605
Additions	–	169	–	341,563	341,732
Transfer from project operating rights under construction	–	–	21,404	(21,404)	–
Adjustment from re-valuation of restoration costs	–	–	39,901	–	39,901
At December 31, 2023 and January 1, 2024	–	1,486	6,922,088	322,664	7,246,238
Additions	–	314	76,918	797,331	874,563
Transfer from project operating rights under construction	–	–	349,857	(349,857)	–
Adjustment from re-valuation of restoration costs	–	–	42,304	–	42,304
Acquisition from business combination *(Note 15)*	17,808	7,148	1,471,346	25,309	1,521,611
At December 31, 2024 and January 1, 2025	17,808	8,948	8,862,513	795,447	9,684,716
Additions	–	79	118,493	118,652	237,224
Transfer from project operating rights under construction	–	–	865,209	(865,209)	–
Adjustment from re-valuation of restoration costs	–	–	29,676	–	29,676
At December 31, 2025 and January 1, 2026	17,808	9,027	9,875,891	48,890	9,951,616
Additions	–	296	1,061	23,624	24,981
Adjustment from re-valuation of restoration costs	–	–	164	–	164
Transfer from project operating rights under construction	–	–	3,643	(3,643)	–
At March 31, 2026	17,808	9,323	9,880,759	68,871	9,976,761
Accumulated amortisation:					
At January 1, 2023	–	(1,271)	(1,149,475)	–	(1,150,746)
Charge for the year	–	(19)	(284,275)	–	(284,294)
At December 31, 2023 and January 1, 2024	–	(1,290)	(1,433,750)	–	(1,435,040)
Charge for the year	(135)	(311)	(304,400)	–	(304,846)
At December 31, 2024 and January 1, 2025	(135)	(1,601)	(1,738,150)	–	(1,739,886)
Charge for the year	(2,630)	(1,518)	(544,421)	–	(548,569)
At December 31, 2025 and January 1, 2026	(2,765)	(3,119)	(2,282,571)	–	(2,288,455)
Charge for the period	(657)	(396)	(138,648)	–	(139,701)
At March 31, 2026	(3,422)	(3,515)	(2,421,219)	–	(2,428,156)
Net book value:					
At March 31, 2026	14,386	5,808	7,459,540	68,871	7,548,605
At December 31, 2025	15,043	5,908	7,593,320	48,890	7,663,161
At December 31, 2024	17,673	7,347	7,124,363	795,447	7,944,830
At December 31, 2023	–	196	5,488,338	322,664	5,811,198

The Company:

	Software	Project operating rights	Project operating rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	1,317	1,394,600	–	1,395,917
Adjustment from re-valuation of restoration costs	–	(23,992)	–	(23,992)
At December 31, 2023 and January 1, 2024	1,317	1,370,608	–	1,371,925
Additions	214	8,175	–	8,389
At December 31, 2024 and January 1, 2025	1,531	1,378,783	–	1,380,314
Additions	42	2	460	504
Transfer from project operating rights under construction	–	460	(460)	–
Adjustment from re-valuation of restoration costs	–	(1,479)	–	(1,479)
At December 31, 2025 and January 1, 2026 and March 31, 2026	1,573	1,377,766	–	1,379,339
Accumulated amortisation:				
At January 1, 2023	(1,272)	(465,440)	–	(466,712)
Charge for the year	(45)	(70,879)	–	(70,924)
At December 31, 2023 and January 1, 2024	(1,317)	(536,319)	–	(537,636)
Charge for the year	(7)	(68,729)	–	(68,736)
At December 31, 2024 and January 1, 2025	(1,324)	(605,048)	–	(606,372)
Charge for the year	(13)	(70,194)	–	(70,207)
At December 31, 2025 and January 1, 2026	(1,337)	(675,242)	–	(676,579)
Charge for the period	(3)	(17,727)	–	(17,730)
At March 31, 2026	(1,340)	(692,969)	–	(694,309)
Net book value:				
At March 31, 2026	233	684,797	–	685,030
At December 31, 2025	236	702,524	–	702,760
At December 31, 2024	207	773,735	–	773,942
At December 31, 2023	–	834,289	–	834,289

The amortization charge for the year is included in direct costs and operating expenses and administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, there were certain projects that were under construction and had not commenced operation, the amount of the project operating rights of these projects was RMB322,664,000, RMB795,447,000, RMB48,890,000 and RMB68,871,000, respectively. These intangible assets that had not commenced operation at the end of each reporting period are reviewed for impairment by management of the Company. Details of the impairment assessment is disclosed in Note 22.

Project Operating Rights — Service Concession Arrangements

As at December 31, 2023, 2024 and 2025 and March 31, 2026, Project Operating Rights with net book value amounting to RMB5,488,338,000, RMB6,752,867,000, RMB7,279,172,000 and RMB7,159,197,000 respectively, represents the project operating rights of service concession arrangements within the scope of IFRIC 12, details of which are set out below.

The Group has entered into a number of service concession arrangements with certain governmental authorities in Chinese Mainland in respect of its waste treatment services, household waste interim treatment, compression and transfer services. These service concession arrangements generally involve the Group as an operator (i) constructing waste treatment, household waste interim treatment, compression and transfer facilities (collectively, the "Facilities") for those arrangements on Build-Operate-Transfer ("BOT") or Build-Own-Operate-Transfer ("BOOT") basis; or (ii) paying a specific amount for purchasing the relevant right to use Facilities for operation for those arrangements on Transfer-Operate-Transfer ("TOT"). The Group will be paid for its services over the relevant periods ("Service Concession Periods") of the service concession arrangements at prices stipulated through a pricing adjustment principle or mechanism. The Group is generally entitled to use all the assets within the Facilities, however, the relevant governmental authorities as grantors will control and regulate the scope of services that the Group must provide with the Facilities, and retain the beneficial entitlement to any residual interest in the Facilities at the end of the terms of the Service Concession Periods. These service concession arrangements are governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authorities in Chinese Mainland, which includes, among others, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations imposed on the Group to restore the Facilities to a specified level of serviceability at the end of the Service Concession Periods, and arrangements for disputes settlement.

No.	Project name	Location	Name of grantor	Type of service concession arrangement	Service Concession Period
	Changsha Project				
1	– Changsha Waste-to-energy Incineration Project (phase I)	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2014 to 2042
2	– Changsha Waste-to energy Incineration Project (phase II)	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2019 to 2048
3	– Sludge treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2006 to 2031
4	– Leachate treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2006 to 2031
5	– Landfill project *(Note 19)*	Changsha, Hunan Province, the PRC	Changsha City Government	TOT	From 2006 to 2031
6	– Fly Ash treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2019 to 2049
7	Liuyang Project	Liuyang, Changsha, Hunan Province, the PRC	Liuyang City Government	BOT	From 2023 to 2053
	Pingjiang Project				
8	– Waste-to-energy incineration project	Pingjiang, Yueyang, Hunan Province, the PRC	Pingjiang County Government	BOT	From 2023 to 2053
9	– Landfill project	Pingjiang, Yueyang, Hunan Province, the PRC	Pingjiang County Government	TOT	From 2012 to 2037
	Changsha Transfer Project				
10	– Household waste interim treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOOT	From 2005 to 2030
11	– Sewage treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2015 to 2030

Pursuant to the service concession agreements entered into by the Group, the Group is granted the rights to use the property, plant and equipment of the Facilities and related land, which are generally registered under the names of the relevant companies of the Group, during the Service Concession Periods, but the Group is generally required to surrender these property, plant and equipment to the grantors at a specified level of serviceability at the end of the respective Service Concession Periods. These contractual obligations to maintain and restore the Facilities, except for any upgrade element, were recognized and measured in accordance with IAS 37, reflected as provision set out in Note 26.

Project Operating Rights — Changsha Food Waste Project

As detailed in Note 15, in November 2024, the Group acquired Renhe Group through business combination. On the date of acquisition, the management of Group has recognised intangible assets in respect of the project operating rights from Changsha Food Waste Project of Renhe Group, although this project is out the scope of IFRIC 12 since the concession agreement of this project was entered under the build-own-operate model and the grantor is unable to control significant residual interest of the underlying facilities. As at the date of the acquisition and December 31, 2024 and 2025 and March 31, 2026, the net book value of those project operating rights is RMB373,972,000, RMB371,496,000 and RMB314,148,000 and RMB300,343,000, respectively.

14 GOODWILL

	Renhe Environment Technology	Renhe Environment Protection	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023, December 31, 2023 and January 1, 2024	–	–	–
Arising from business combination *(Note 15)*	42,003	103,871	145,874
At December 31, 2024, January 1, 2025, December 31, 2025 and March 31, 2026	42,003	103,871	145,874

Impairment tests for cash-generating units containing goodwill

As described in Note 15, in November 2024, the Group acquired Renhe Group, of which two CGUs were identified, namely Renhe Environment Technology CGU and Renhe Environment Protection CGU. Renhe Environment Technology CGU principally engages in food waste collection, waste treatment services and sales of industrial-grade mixed oil. Renhe Environment Protection CGU principally engages in household waste interim treatment, compression and transfer services. Therefore, goodwill is allocated to the Group's CGUs identified according to business types.

(a) Renhe Environment Technology CGU

The recoverable amount of the Renhe Environment Technology CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering 12.5 and 11.5 years as at December 31, 2024 and 2025, respectively, which was the remaining period of the service concession contract. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As at December 31,	
	2024	2025
Annual growth rate of revenue during the remaining period of the franchise contract	-1.67% ~ 1.46%	1.17% ~ 2.93%
Net profit margin in operating periods	24.33% ~ 26.89%	22.37% ~ 28.27%
Pre-tax discount rate	10.10%	9.85%

As at December 31, 2024 and 2025, the headroom calculated based on the recoverable amounts deducting the carrying amount of the Renhe Environment Technology CGU was RMB391,756,000 and RMB573,799,000.

As there was no events or changes in circumstances indicate that goodwill might be impaired, no goodwill impairment test was performed for Renhe Environment Technology CGU as at March 31, 2026.

(b) Renhe Environment Protection CGU

The recoverable amount of the Renhe Environment Protection CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering 5.3 and 4.3 years as at December 31, 2024 and 2025, respectively, which was the remaining period of the service concession contract. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As at December 31,	
	2024	2025
Annual growth rate of revenue during the remaining period of the franchise contract	5.85% ~ 5.88%	2.93% ~ 4.37%
Net profit margin in operating periods	37.59% ~ 46.71%	38.37% ~ 45.30%
Pre-tax discount rate	11.24%	10.30%

As at December 31, 2024 and 2025, the headroom calculated based on the recoverable amounts deducting the carrying amount of the Renhe Environment Protection CGU was RMB385,327,000 and RMB664,649,000, respectively.

As there was no events or changes in circumstances indicate that goodwill might be impaired, no goodwill impairment test was performed for Renhe Environment Protection CGU as at March 31, 2026.

Sensitivity Analysis

The Group has undertaken sensitivity analysis on the impairment test of Renhe Environment Technology CGU and Renhe Environment Protection CGU. The following table sets forth the decrease of one percentage point in annual growth rate of revenue, net profit margin in operating period or increase of one percentage point in pre-tax discount rate that would, in isolation, have impact on the recoverable amount of the two CGUs respectively:

	As of December 31, 2024	
	Decrease in recoverable amount	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
	RMB'000	*RMB'000*
Annual growth rate of revenue	128,044	53,992
Net profit margin in operating period	29,430	33,310
Pre-tax discount rate	52,024	64,051

	As of December 31, 2025	
	Decrease in recoverable amount	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
	RMB'000	*RMB'000*
Annual growth rate of revenue	128,964	43,914
Net profit margin in operating period	31,728	28,285
Pre-tax discount rate	51,547	67,868

The directors of the Company are of the view that, a reasonably possible change in a key parameter will not cause the carrying amount of the relevant CGUs to exceed the recoverable amounts as at December 31, 2024 and 2025. The following table sets forth the hypothetical decrease in percentage points of annual growth rate of revenue, net profit margin in operating period or increase in percentage points of pre-tax discount rate that would have removed the remaining headroom between the carrying amount of the respective CGUs and the recoverable amounts, in isolation, as at December 31, 2024 and 2025:

	As of December 31, 2024	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
Annual growth rate of revenue	3.28%	7.48%
Net profit margin in operating period	13.31%	11.57%
Pre-tax discount rate	10.50%	6.79%

	As of December 31, 2025	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
Annual growth rate of revenue	4.97%	13.89%
Net profit margin in operating period	18.07%	19.14%
Pre-tax discount rate	18.46%	18.71%

15 ACQUISITION OF SUBSIDIARIES

In November 2024, the Group acquired of 63% equity interest in Renhe Group from 19 of its then shareholders at aggregated consideration of RMB2,196,810,000, by the way of issuing of new shares of the Company with fair value of RMB1,537,767,000 and cash payment of RMB659,043,000. Renhe Group principally engages in food waste collection, household waste interim treatment and transfer services, food waste treatment services and sales of industrial-grade mixed oil.

From the acquisition date to December 31, 2024, Renhe Group contributed revenue of RMB90,695,000 and profit of RMB21,643,000 to the Group's results.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition are set out as follows:

	Fair value
	RMB'000
Investment properties	9,121
Property, plant and equipment	678,009
Intangible assets	1,521,611
Right-of-use assets	96,088
Deferred tax assets	9,319
Other non-current assets	3,285
Inventories	4,287
Prepayments, trade and other receivables	844,970
Cash and cash equivalents	489,133
Other current assets	150,165
Trade and other payables	(119,906)
Bank loans and other borrowings	(154,121)
Deferred tax liabilities	(238,767)
Other liabilities	(37,740)
Total identifiable net assets acquired	3,255,454
NCI	1,204,518
Consideration transferred	
Cash	659,043
Ordinary shares issued	1,537,767
	2,196,810
Goodwill arising from acquisition	145,874

Pursuant to the Share Purchase Agreement between the Company and the 19 shareholders of Renhe Group (individually or collectively, the "Sellers"), certain Sellers ("Profit Guarantors") agree to commit on the aggregated profit targets of the Renhe Group for the five years ending December 31, 2027 (collectively, the "Performance Commitment Period") of RMB2.20 billion. Profit Guarantors shall make compensation to the Company in cash for the shortfall between the profit target and the profit from the audited consolidated financial statements of Renhe Group for the Performance Commitment Period to the extent of the proportion of their shareholding percentage. Profit Guarantors' performance commitment is considered as a contingent consideration for acquisition of Renhe Group, and measured at FVPL, with Level 3 fair value hierarchy. The management of the Company assessed the fair value of the contingent consideration using discounted cash flow method to capture the present value of the expected future economic that will flow into Group arising from the contingent consideration, based on an appropriate discount rate. The key significant unobservable input for the fair value measurement are probability of failure to achieve profit target and discount rate. As the date of the acquisition and end of the subsequent reporting periods, the management of the Company assessed the probability of failure to achieve profit target to be low, therefore the fair value of contingent consideration is insignificant.

NCI are measured at the NCI's proportionate share of the subsidiaries' net identifiable assets as set out in Note 2(c).

The Group incurred transaction costs of RMB9,245,000 in connection with the above acquisition. The transaction costs have been included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

An analysis of the cash flows in respect of the above acquisition is as follows.

	RMB'000
Cash consideration	(659,043)
Cash and cash balances acquired	489,133
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(169,910)
Net inflow of cash and cash equivalents included in cash flows used in investing activities for the year ended December 31, 2024	489,133
Net outflow of cash and cash equivalents included in cash flows used in investing activities for the year ended December 31, 2025	(659,043)

Note: If the above-mentioned acquisition had occurred on January 1, 2024, management estimates the consolidated revenue for year ended December 31, 2024 would have been RMB3,384,692,000 and consolidated profit for the year ended December 31, 2024 would have been RMB1,005,234,000.

16 INVESTMENTS IN SUBSIDIARIES

The carrying amounts of investments in subsidiaries of the Company is listed below:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	1,348,826	3,668,321	3,805,383	3,806,875

Further details of the material subsidiaries of the Group are set out in Note 1.

The following table lists out the information relating to Renhe Group, Puxiang Bioenergy, and Puxiang Environmental Energy, the subsidiaries of the Group which have a material NCI. The summarized financial information presented below represents the amounts before any inter-company elimination.

Renhe Group

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage of Renhe Group at December 31/March 31	37%	37%	37%
Current assets	1,135,836	1,442,841	1,607,770
Non-current assets	2,293,189	1,980,633	1,903,282
Current liabilities	(217,787)	(206,731)	(188,231)
Non-current liabilities	(334,141)	(283,030)	(271,768)
Net assets	2,877,097	2,933,713	3,051,053
Carrying amount of NCI	1,064,526	1,085,474	1,128,890

	One month ended December 31,	Year ended December 31,	Three months ended March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Revenue for the period/year	90,694	1,083,090	263,707
Profit and total comprehensive income for the period/year	21,643	356,616	117,341
Profit and total comprehensive income attributable to NCI	8,008	131,948	43,416
Dividends paid to NCI	148,000	111,000	–
Cash flows generated from operating activities	49,267	536,899	113,984
Cash flows generated from/(used in) investing activities	149,205	(174,200)	144,221
Cash flows used in financing activities	(418,164)	(327,474)	(587)

Puxiang Bioenergy

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NCI percentage of Puxiang Bioenergy at December 31/March 31	20%	20%	20%	20%
Current assets	472,270	507,154	521,692	639,457
Non-current assets	2,247,090	2,184,830	2,063,628	2,034,936
Current liabilities	(336,863)	(247,457)	(235,697)	(232,296)
Non-current liabilities	(828,781)	(704,375)	(554,924)	(557,260)
Net assets	1,553,716	1,740,152	1,794,699	1,884,837
Carrying amount of NCI	310,743	348,031	358,940	376,967

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue for the year/period	645,865	613,201	629,268	169,349
Profit and total comprehensive income for the year/period	299,636	306,059	314,400	90,138
Profit and total comprehensive income attributable to NCI	59,927	61,212	62,880	18,027
Dividends paid to NCI	60,000	24,000	52,000	–
Cash flows generated from operating activities	368,224	409,080	507,543	92,434
Cash flows used in investing activities	(31,448)	(3,061)	(1,377)	(140,108)
Cash flows used in financing activities	(485,266)	(396,496)	(427,249)	(2,526)

Puxiang Environmental Energy

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NCI percentage of Puxiang Environmental Energy at December 31/March 31	30%	30%	30%	30%
Current assets	482,288	447,312	427,489	515,664
Non-current assets	2,411,221	2,329,496	2,230,514	2,206,768
Current liabilities	(382,586)	(288,262)	(274,861)	(262,288)
Non-current liabilities	(1,596,487)	(1,447,857)	(1,273,447)	(1,276,078)
Net assets	914,436	1,040,689	1,109,695	1,184,066
Carrying amount of NCI	274,331	312,207	332,909	355,220

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue for the year/period	572,188	540,986	531,187	139,332
Profit and total comprehensive income for the year/period	268,565	276,110	268,966	74,370
Profit and total comprehensive income attributable to NCI	80,569	82,833	80,690	22,311
Dividends paid to NCI	42,000	45,000	60,000	–
Cash flows generated from operating activities	415,985	423,857	507,435	96,369
Cash flows used in investing activities	(126,925)	(94,546)	(22,142)	(88,939)
Cash flows used in financing activities	(349,052)	(365,267)	(416,091)	(7,573)

17 FINANCIAL ASSETS AT FVPL AND OTHER FINANCIAL ASSETS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Structured deposits *(note (i))*	814,065	547,269	1,377,480	1,502,424

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other financial assets				
Financial assets at FVOCI (non-recycling):				
– Investment in unlisted equity	300	300	300	300
Financial assets at amortized cost:				
– Entrusted loans *(note (ii))*	120,397	90,254	60,163	60,114
– Bank CDs *(note (iii))*	634,178	525,857	429,089	431,974
Less: Non-current portion				
– Investment in unlisted equity	(300)	(300)	(300)	(300)
– Entrusted loans *(note (ii))*	(90,397)	(60,254)	(30,163)	–
– Bank CDs *(note (iii))*	(510,866)	(418,208)	–	–
Current portion	153,312	137,649	459,089	492,088

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Structured deposits *(note (i))*	814,065	547,269	1,137,346	1,207,395
Other financial assets				
Financial assets at FVOCI (non-recycling):				
– Investment in unlisted equity	300	300	300	300
Financial assets at amortized cost:				
– Entrusted loans *(note (ii))*	120,397	90,254	60,163	60,114
– Bank CDs *(note (iii))*	634,178	525,857	429,089	431,974
Less: Non-current portion				
– Investment in unlisted equity	(300)	(300)	(300)	(300)
– Entrusted loans *(note (ii))*	(90,397)	(60,254)	(30,163)	–
– Bank CDs *(note (iii))*	(510,866)	(418,208)	–	–
Current portion	153,312	137,649	459,089	492,088

Notes:

(i) Structured deposits

The structured deposits are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, mainly including foreign exchanges, bonds, debentures and other financial assets.

(ii) Entrusted loan

The entrusted loan is provided to a third party, with a variable interest rate of 1-year LPR plus 40 basis points. The principal is to be repaid in equal instalments over five years, with an equal installment of RMB30 million due on July 21, 2023, July 22, 2024, July 21, 2025, July 21, 2026, and March 21, 2027, respectively.This loan is guaranteed by state-owned entity which is a government-affiliated entity.

(iii) Bank CDs

Bank CDs are all financial instruments issued by banks with fixed terms of 3 years and fixed interest rates range from 2.90% to 3.25%, 2.90% to 3.25%, 2.90% to 3.00% and 2.90% to 3.00% as at December 31, 2023, 2024 and 2025 and March 31, 2026 per annum, respectively. The Group manages these CDs to hold until their respective maturities to receive the associated contractual cash flows.

18 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprises:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	27,626	35,260	40,946	41,440
Finished goods	–	246	217	372
Other materials	423	787	310	298
	28,049	36,293	41,473	42,110

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	6,944	11,597	15,044	14,521
Other materials	27	–	27	–
	6,971	11,597	15,071	14,521

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

The Group:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of inventories recognized as cost of sales	101,835	93,358	124,171	27,464	55,599
Carrying amount of inventories recognized as research and development expenses	19,306	31,953	22,996	3,309	2,210
	121,141	125,311	147,167	30,773	57,809

19 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	809,491	1,858,999	1,820,215	1,948,971
Less: loss allowance	(43,006)	(55,553)	(61,634)	(72,169)
	766,485	1,803,446	1,758,581	1,876,802
Bills receivables	10,861	–	–	–
Receivables arising from service concession arrangements	236,275	219,595	202,120	197,617
Prepayments	85,498	72,458	14,498	24,302
Prepayment of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT recoverable	112,039	158,758	130,070	123,290
Loans to a related party	–	6,139	6,540	–
Other receivables and deposits	2,317	2,589	2,627	3,297
Less: loss allowance for other receivables	(194)	(425)	(3,438)	(521)
	1,213,281	2,262,560	2,124,199	2,240,214

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less: Non-current portion				
– Receivables arising from service concession arrangements	(221,111)	(202,486)	(183,181)	(178,193)
– Prepayment for purchase of other property, plant and equipment	(71,399)	(57,313)	(1,817)	(5,139)
Current portion	920,771	2,002,761	1,939,201	2,056,882

Notes:

(i) Prepayments mainly represent prepayments for purchase of other property, plant and equipment, electricity and fuel expense.

(ii) All of the current portion of trade and other receivables are expected to be recovered or recognized as expense within one year or are recovered on demand.

(iii) Receivables arising from service concession arrangements, were mainly arose from the unconditional right to receive cash from the grantor in respect of waste treatment service in Landfill of Changsha Project set out in Note 13.

(iv) During the three months ended March 31, 2026, Renhe Group recovered loans to an associate and a third party with principals amounted to RMB9,000,000 and RMB20,000,000, respectively, related interests and penalty for breach of contacts aggregated to RMB2,359,000 and RMB7,620,000, respectively. The principal amounts of loans to a third party were fully impaired and RMB4,886,000 impairment losses have been recognized for loans to an associate in prior years. The recovery of the principal of the loans resulted in a reversal of ECL of RMB24,886,000 in the consolidated statements of profit or loss and other comprehensive income.

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	203,278	289,913	232,980	231,225
Less: loss allowance	(10,164)	(14,496)	(11,649)	(11,561)
	193,114	275,417	221,331	219,664
Receivables arising from service concession arrangements	236,275	219,595	202,120	197,617
Prepayments	3,302	3,950	3,961	3,121
Prepayment of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT recoverable	–	4	1,161	1,042
Amounts due from subsidiaries	110,671	113,541	127,470	138,151
Other receivables and deposits	191	299	209	1,038
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Less: Non-current portion				
– Receivables arising from service concession arrangements	(221,111)	(202,486)	(183,181)	(178,193)
– Prepayment for purchase of property, plant and equipment	–	(19)	–	–
Current portion	322,442	410,301	386,272	397,867

Ageing analysis

The ageing analysis of trade receivables net off loss allowance, based on the revenue recognition date, is as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	720,923	1,666,170	1,528,018	1,581,766
1 to 2 years	45,562	134,110	227,558	292,038
2 to 3 years	–	3,166	1,193	1,196
3 to 4 years	–	–	1,812	1,795
4 to 5 years	–	–	–	7
	766,485	1,803,446	1,758,581	1,876,802

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	193,114	275,417	221,331	219,664

As at the end of each reporting period, the trade receivables and receivables arising from service concession arrangements are mainly from government authorities and state electricity grid authorities. The expected credit loss from government authorities and state-owned entities is evaluated at each reporting date using the probability of default approach to measure expected credit losses. The provision rates are referenced to the credit ratings of comparables with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables and receivables arising from service concession arrangements are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivables and receivables arising from service concession arrangement does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The expected credit loss from non-government authorities or non-state electricity grid authorities is evaluated at each reporting date using the provision matrix approach.

Movement in the loss allowance account in respect of trade receivables and receivables arising from service concession arrangements during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 is as follows:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	31,053	43,006	55,553	61,634
Loss allowance recognised	11,953	12,547	6,081	10,535
At the end of the year/period	43,006	55,553	61,634	72,169

The following table provides information about the Group's exposure to credit risk and credit loss for trade receivables and receivables arising from service concession arrangements:

	As at December 31,									As at March 31,		
	2023			2024			2025			2026		
	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On individual basis												
– government agencies government agencies A	3.5%	812,187	(28,796)	2.2%	1,742,428	(38,785)	2.8%	1,684,722	(46,865)	3.1%	1,754,346	(53,990)
other government agencies	5.0%	3,012	(151)	0.2%	63,961	(150)	1.6%	90,876	(1,412)	2.3%	109,393	(2,473)
– state electricity grid authorities B	6.1%	220,642	(13,563)	6.2%	255,430	(15,796)	5.4%	216,500	(11,744)	5.6%	238,055	(13,364)

	As at December 31,									As at March 31,		
	2023			2024			2025			2026		
	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On customer group . . .	5.0%	9,925	(496)	4.9%	16,775	(822)	5.3%	30,237	(1,613)	5.2%	44,794	(2,342)
		1,045,766	(43,006)		2,078,594	(55,553)		2,022,335	(61,634)		2,146,588	(72,169)

As described in Note 15, in November 2024, the Group acquired the Renhe Group. Since trade and other receivables of the Renhe Group were measured at fair value at the date of acquisition and the effects of uncertainty about future cash flows including expected credit loss were reflected in the fair value measurement, the Group did not recognize a separate loss allowance for those trade and other receivables in the initial measurement on that date.

20 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	861,370	1,444,006	1,219,757	1,220,907

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	481,909	807,745	479,131	292,359

(b) Restricted cash

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee deposits *(note)*	8,915	13,422	13,448	12,585

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee deposits *(note)*	5,135	5,715	2,581	2,581

Note: As at the end of each reporting period, the restricted deposits for the Group and the Company mainly represented the guaranteed deposits made as a security to the letter of credit issued by banks, which provided to the customer of the Group to guarantee the fulfillment of certain performance obligation.

(c) Reconciliation of profit before taxation to cash generated from operations:

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before taxation		702,684	762,512	1,151,485	280,522	348,391
Adjustments for:						
Impairment losses/(gains) under ECL model, net of reversal		13,095	9,924	5,686	16,653	(18,896)
Depreciation of property, plant and equipment and investment properties	*7(c)*	6,423	16,947	109,099	29,230	34,663
Depreciation of right-of-use assets	*7(c)*	903	1,566	5,485	2,351	1,354
Amortisation of intangible assets	*7(c)*	284,294	304,846	548,569	130,934	139,701
(Gains)/losses on disposal of property, plant and equipment		(356)	18	792	–	1,002
Investment income and net fair value changes on financial assets at FVPL	*6*	(34,692)	(18,936)	(15,616)	(3,876)	(5,574)
Interest income from other financial assets	*5*	(17,431)	(21,525)	(15,343)	(4,521)	(3,416)
Share of loss/(gain) of an associate		–	167	(4)	(33)	(1,613)
Equity-settled share-based payment expenses	*7(b)*	7,740	4,301	1,627	557	–
Interest expense	*7(a)*	135,185	110,257	116,493	26,190	33,099
Foreign exchange loss/(gain)	*6*	561	(1,510)	2,995	2,214	2,893
Changes in working capital:						
Increase in inventories		(8,977)	(8,244)	(5,180)	(1,321)	(637)
(Increase)/decrease in prepayments, trade and other receivables		(206,302)	(187,460)	62,078	(196,095)	(128,971)
Decrease/(increase) in contract assets		151	3,195	(660)	(7,083)	(7,020)
Increase/(decrease) in contract liabilities		14	5,419	(3,075)	(3,871)	3,123
Increase/(decrease) in trade and other payables		39,161	84,267	(63,370)	(80,761)	(96,196)
Cash generated from operations		922,453	1,065,744	1,901,061	191,090	301,903

(d) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2023	2,947,538	8,321	2,955,859
Changes from financing cash flows:			
Proceeds from new bank loans	80,000	–	80,000
Repayment of bank loans	(380,150)	–	(380,150)
Interest paid	(105,680)	–	(105,680)
Capital element of lease rentals paid	–	(949)	(949)
Interest element of lease rentals paid	–	(380)	(380)
Total changes from financing cash flows	(405,830)	(1,329)	(407,159)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	2,798	2,798
Interest expenses *(Note 7(a))*	104,326	380	104,706
Capitalized borrowing costs *(Note 7(a))*	221	–	221
Total other changes	104,547	3,178	107,725
At December 31, 2023	2,646,255	10,170	2,656,425

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2024	2,646,255	10,170	2,656,425
Changes from financing cash flows:			
Proceeds from new bank loans	588,006	–	588,006
Repayment of bank loans	(501,106)	–	(501,106)
Interest paid	(77,256)	–	(77,256)
Capital element of lease rentals paid	–	(220)	(220)
Interest element of lease rentals paid	–	(350)	(350)
Total changes from financing cash flows	9,644	(570)	9,074
Other changes:			
Acquisition of subsidiaries	154,121	–	154,121
Increase in lease liabilities from entering into new leases during the year	–	1,345	1,345
Decrease in lease liabilities from terminating leases during the year	–	(3,098)	(3,098)
Interest expenses *(Note 7(a))*	66,354	350	66,704
Capitalized borrowing costs *(Note 7(a))*	9,733	–	9,733
Total other changes	230,208	(1,403)	228,805
At December 31, 2024	2,886,107	8,197	2,894,304

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2025	2,886,107	8,197	2,894,304
Changes from financing cash flows:			
Proceeds from new bank loans	593,018	–	593,018
Repayment of bank loans	(463,744)	–	(463,744)
Interest paid	(93,053)	–	(93,053)
Capital element of lease rentals paid	–	(459)	(459)
Interest element of lease rentals paid	–	(353)	(353)
Total changes from financing cash flows	36,221	(812)	35,409
Other changes:			
Interest expenses *(Note 7(a))*	75,591	315	75,906
Capitalized borrowing costs *(Note 7(a))*	9,055	–	9,055
Capitalized exchange gains and losses	3,342	–	3,342
Exchange difference	(1,660)	–	(1,660)
Total other changes	86,328	315	86,643
At December 31, 2025	3,008,656	7,700	3,016,356

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2026	3,008,656	7,700	3,016,356
Changes from financing cash flows:			
Proceeds from loans and borrowings	268,000	–	268,000
Repayment of loans and borrowings	(29,695)	–	(29,695)
Interest paid	(20,932)	–	(20,932)
Total changes from financing cash flows	217,373	–	217,373
Other changes:			
Interest expenses *(Note 7(a))*	21,462	96	21,558
Total other changes	21,462	96	21,558
At March 31, 2026	3,247,491	7,796	3,255,287

(e) Total cash outflow for leases

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating cash flows	48	189	686	–	488
Within financing cash flows	1,329	570	812	–	–
	1,377	759	1,498	–	488

21 TRADE AND OTHER PAYABLES

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Equipment and construction	239,141	314,694	332,160	273,253
– Others	51,969	115,207	101,673	81,923
	291,110	429,901	433,833	355,176
Other taxes payable	24,413	17,630	16,190	17,900
Payroll payables	47,364	70,588	85,548	30,284
Deposits from suppliers	8,287	30,203	30,138	28,421
Payable for Build-Operate-Transfer ("BOT") project investment *(note)*	52,564	51,047	50,578	50,578
Acquisition payables	–	661,043	2,000	2,000
Amount due to an associate	–	1,500	1,500	–
Others	356	26,537	23,757	19,450
	424,094	1,288,449	643,544	503,809
Less: Non-current portion				
– Amount due to an associate	–	(1,500)	(1,500)	–
– Others	–	(25,000)	(22,608)	(18,128)
Current portion	424,094	1,261,949	619,436	485,681

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Equipment and construction	23,787	10,958	12,671	13,130
– Others	9,243	11,067	22,634	24,725
	33,030	22,025	35,305	37,855
Other taxes payable	11,143	437	3,605	2,630
Payroll payables	21,747	23,295	24,557	4,071
Amounts due to subsidiaries	44,371	–	3	–
Payable for BOT project investment *(note)*	52,564	51,047	50,578	50,578
Acquisition payable	–	659,043	–	–
Others	2,709	2,392	164	1,506
	165,564	758,239	114,212	96,640

Note: Payable for BOT project investment was arised from the difference between the actual construction costs and the budgeted costs as agreed between the Group and the grantor of one of the BOT projects. Pursuant to the relevant agreement, the Group is obligated to refund the shortfall to the grantor upon demand.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	125,515	341,111	354,651	273,944
1 to 2 years	48,012	22,564	69,305	70,359
2 to 3 years	75,473	25,920	283	1,050
3 to 4 years	29,733	27,182	708	997
4 to 5 years	1,783	11,807	3,293	2,784
Over 5 years	10,594	1,317	5,593	6,042
	291,110	429,901	433,833	355,176

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	11,631	13,878	27,933	27,773
1 to 2 years	3,250	855	181	2,781
2 to 3 years	1,077	642	270	503
3 to 4 years	4,697	693	637	609
4 to 5 years	1,782	4,641	691	618
Over 5 years	10,593	1,316	5,593	5,571
	33,030	22,025	35,305	37,855

22 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets:				
BOT project operation services	30,213	27,018	27,678	34,698
Less: loss allowance on contract assets	(3,829)	(1,351)	(1,384)	(1,963)
	26,384	25,667	26,294	32,735

The movements in the loss allowance for contract assets are as follows:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	2,522	3,829	1,351	1,384
Recognition/(reversal) of credit losses, net	1,307	(2,478)	33	579
At the end of the year/period	3,829	1,351	1,384	1,963

The expected credit loss is evaluated at each reporting date using the probability of default approach to measure expected credit losses. The provision rates are referenced to the credit ratings of comparables with published credit ratings. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate	12.7%	5.0%	5.0%	5.7%
Gross carrying amount (RMB'000)	30,213	27,018	27,678	34,698
Expected credit losses (RMB'000)	(3,829)	(1,351)	(1,384)	(1,963)

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the contract assets arising from performance under construction contracts in connection with service concession arrangement included in "intangible assets" amounted to RMB322,664,000, RMB795,447,000, RMB48,890,000 and RMB68,871,000, respectively. The Group applied ECL model when assessing loss allowance of the contract assets arising from performance under construction contracts in connection with service concession arrangement. As the Group was entitled to a non-cash consideration (i.e. project operating rights) upon the fulfillment of all relevant performance obligation, when applying ECL model, the Group considered the risk of not receiving the promised project operating rights. As at the end of each of the reporting period, the Group considered the risk of not receiving the project operating rights to be low, based on the credibility of the relevant government authorities, therefore, the ECL to the contract assets arising from performance under construction contracts in connection with service concession arrangement is immaterial.

Contract liabilities

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance	281	5,700	2,625	5,748

Movements in contract liabilities:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
At the beginning of the year/period	267	281	5,700	5,700	2,625
Acquisition from business combination	–	5,419	–	–	–
Increase in contract liabilities during the year/period	14	17,280	198,751	1,014	4,368
Decrease in contract liabilities as a result of recognizing revenue during the year/period	–	(17,280)	(201,826)	(4,885)	(1,245)
At the end of the year/period	281	5,700	2,625	1,829	5,748

23 BANK LOANS AND OTHER BORROWINGS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured loans				
– RMB denominated *(note (i))*	–	116,157	241,742	436,394
– Japanese Yen ("JPY") denominated *(note (iii))*	–	28,711	27,214	26,345
Secured bank loans				
– RMB denominated *(note (ii))*	2,646,255	2,741,239	2,739,700	2,784,752
	2,646,255	2,886,107	3,008,656	3,247,491
Less: current portion of bank loans and other borrowings	(490,871)	(482,365)	(502,887)	(494,887)
	2,155,384	2,403,742	2,505,769	2,752,604

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured loans				
– RMB denominated *(note (i))*	–	–	89,716	269,856
Secured bank loans				
– RMB denominated	260,552	194,035	147,084	120,904
	260,552	194,035	236,800	390,760
Less: current portion of bank loans	(66,918)	(67,057)	(39,715)	(30,885)
	193,634	126,978	197,085	359,875

Notes:

(i) As at December 31, 2025 and March 31, 2026, RMB denominated unsecured bank loans bore effective interest rates ranging from 0.65% to 2.5% per annum and 0.65% to 2.4% per annum, respectively.

(ii) As at December 31, 2023, 2024 and 2025 and March 31, 2026, RMB denominated secured bank loans are pledged by certain plant, property and equipment and/or pledged by concession rights and/or underlying future income or receivables, bore effective interest rates ranging from 3.20% to 3.95% per annum, 2.45% to 3.65% per annum, 2.35% to 3.65% per annum and 2.35% to 2.75% per annum, respectively. As at December 31, 2023, 2024 and 2025 and March 31, 2026, the balances of bank loans and other borrowings were guaranteed by related parties described in Note 31(e) were RMB2,566,179,000, RMB2,077,637,000, RMB989,845,000 and RMB989,888,000, respectively.

(iii) As at December 31, 2024 and 2025 and March 31, 2026, JPY denominated unsecured other borrowings bore effective interest rates of 0.65% per annum, 0.65% per annum and 0.65% per annum, respectively.

(iv) Certain loans were subject to the fulfillment of certain financial covenants of the Group or certain subsidiaries. As at the end of each reporting period, the Group was in compliance with these financial covenants.

(a) The analysis of the repayment schedule of bank loans and other borrowings is as follows:

(i) Bank loans

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	490,871	481,116	501,074	493,091
After 1 year but within 2 years	389,476	509,952	454,887	734,249
After 2 years but within 5 years	1,084,821	1,064,140	1,043,998	982,183
After 5 years	681,087	802,188	981,483	1,011,623
	2,646,255	2,857,396	2,981,442	3,221,146

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	66,918	67,057	39,715	30,885
After 1 year but within 2 years	56,656	30,490	46,824	314,179
After 2 years but within 5 years	106,514	96,488	150,261	45,696
After 5 years	30,464	–	–	–
	260,552	194,035	236,800	390,760

(ii) Other borrowings

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	–	1,249	1,813	1,796
After 1 year but within 2 years	–	1,248	1,210	1,169
After 2 years but within 5 years	–	3,745	3,629	3,507
After 5 years	–	22,469	20,562	19,873
	–	28,711	27,214	26,345

24 LEASE LIABILITIES

As at the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,001	981	440	445
After 1 year but within 2 years	885	434	348	351
After 2 years but within 5 years	1,463	1,351	1,141	1,153
After 5 years	6,821	5,431	5,771	5,847
	9,169	7,216	7,260	7,351
	10,170	8,197	7,700	7,796

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	769	861	316	321
After 1 year but within 2 years	825	409	331	336
After 2 years but within 5 years	1,463	1,334	1,141	1,153
After 5 years	6,821	5,431	5,772	5,831
	9,109	7,174	7,244	7,320
	9,878	8,035	7,560	7,641

25 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

The Group:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	15,389	22,076	53,523	32,944
Provisions for income tax	60,407	108,681	181,243	54,758
Acquisition from business combination	–	17,413	–	–
Income tax paid	(53,720)	(94,647)	(201,822)	(66,152)
At the end of the year/period	22,076	53,523	32,944	21,550
Reconciliation to the consolidated statements of financial position:				
Current tax payable	22,076	53,523	34,712	50,295
Current tax recoverable	–	–	(1,768)	(28,745)
	22,076	53,523	32,944	21,550

(b) Deferred tax assets and liabilities recognized

(i) Movement of each component of deferred tax assets and liabilities.

The components of deferred tax assets/(liabilities) recognized in the consolidated statements of financial position and the movements during the year are as follows:

The Group:

Deferred tax assets/(liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Provisions	Impairment losses	Equity Incentive	Fair value adjustments arising from acquisition of subsidiaries	Changes in fair value	Temporary differences on assets recognized under IFRIC-Int 12	Depreciation and amortization allowances difference	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	(1,218)	1,248	177,243	3,378	–	–	(3,401)	(19,869)	(147,036)	10,345
Credited/(charged) to profit or loss	1,050	(318)	307	15,222	1,248	–	–	1,291	775	(9,056)	10,519
At December 31, 2023 and January 1, 2024	1,050	(1,536)	1,555	192,465	4,626	–	–	(2,110)	(19,094)	(156,092)	20,864
Acquisition from business combination	–	–	–	2,285	9,150	3,838	(238,767)	(24)	–	(5,930)	(229,448)
Credited/(charged) to profit or loss	1,967	390	(281)	32,183	3,624	–	–	2,094	2,069	(9,629)	32,417

Deferred tax assets/(liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Provisions	Impairment losses	Equity Incentive	Fair value adjustments arising from acquisition of subsidiaries	Changes in fair value	Temporary differences on assets recognized under IFRIC-Int 12	Depreciation and amortization allowances difference	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024 and January 1, 2025	3,017	(1,146)	1,274	226,933	17,400	3,838	(238,767)	(40)	(17,025)	(171,651)	(176,167)
(Charged)/credited to profit or loss	(3,017)	81	(115)	43,946	897	(3,838)	37,898	(26)	1,194	(53,244)	23,776
At December 31, 2025 and January 1, 2026	–	(1,065)	1,159	270,879	18,297	–	(200,869)	(66)	(15,831)	(224,895)	(152,391)
Credited/(charged) to profit or loss	–	53	18	2,111	(205)	–	8,699	3	178	385	11,242
At March 31, 2026	–	(1,012)	1,177	272,990	18,092	–	(192,170)	(63)	(15,653)	(224,510)	(141,149)

(ii) Reconciliation to the consolidated statement of financial position

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	20,864	62,600	48,664	52,059
Net deferred tax liabilities recognized in the consolidated statements of financial position	–	(238,767)	(201,055)	(193,208)
	20,864	(176,167)	(152,391)	(141,149)

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(s), as at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group has not recognized deferred tax assets in respect of cumulative unused tax losses arising from the Group of RMB11,881,000, RMB1,936,000, RMB4,137,000 and RMB4,152,000, respectively, and deductible temporary differences arising from the Group of nil, RMB20,677,000, RMB20,677,000 and nil, respectively, as they are not probable that future taxable profits against which the deductible temporary differences can be utilized will be available in the relevant tax jurisdiction and entity. The unused tax losses will be expired for income tax deduction by December 31, 2030.

26 PROVISIONS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for maintenance and restoration of infrastructure under service concession arrangements	769,860	913,847	1,089,420	1,097,781

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for maintenance and restoration of infrastructure under service concession arrangements	220,255	233,836	240,776	242,883

The movements of provisions during the year were as follows:

The Group:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning	708,973	769,860	913,847	1,089,420
Addition	–	43,668	127,471	–
Adjustment from re-valuation of restoration costs	39,901	42,304	29,676	164
Unwinding of discount on provisions	30,479	43,553	40,587	11,541
Acquisition of subsidiaries	–	15,241	–	–
Provisions utilised	(9,493)	(779)	(22,161)	(3,344)
Balance at the end	769,860	913,847	1,089,420	1,097,781

The Company:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning	228,442	220,255	233,836	240,776
Addition	–	–	–	–
Adjustment from re-valuation of restoration costs	(17,842)	5,094	(1,478)	–
Unwinding of discount on provisions	9,824	9,265	8,418	2,107
Provisions utilised	(169)	(778)	–	–
Balance at the end	220,255	233,836	240,776	242,883

27 EQUITY-SETTLED SHARE-BASED PAYMENTS

Upon the approval of Board of Director of the Company on July 29, 2020 and shareholders' meeting on August 13, 2020, the Company launched the employee stock incentive scheme directly to certain employees of the Group and indirectly by two platforms, namely, 湖南道信投資諮詢合夥企業(有限合夥) (Hunan Daoxin Investment Consulting Partnership (Limited Partnership), "Hunan Daoxin") and 湖南品信投資諮詢合夥企業(有限合夥) (Hunan Pinxin Investment Consulting Partnership (Limited Partnership), "Hunan Pinxin").

On September 22, 2020, the controlling shareholder of the Company 湖南軍信環保集團有限公司 (Hunan Junxin Environmental Group Co., Ltd., "Junxin Group") transferred 2,910,000 ordinary shares of the Company to one director and two employees of the Group at a price of RMB7.5 per share, of which the fair value was RMB14.02 per share at the date of grant.

On the same day, 63 employees of the Group were granted the right to indirectly hold the ordinary shares in aggregate of 5,820,000 shares of the Company at a price of RMB7.5 per share, of which the fair value was RMB14.02 per share at the date of grant, through the two shareholding platforms, whose shares were transferred from Junxin Group.

The fair value of equity-settled share-based payments was calculated based on the fair value of underlying ordinary shares as at the grant date. The grant date fair value of the underlying ordinary shares was determined with the assistance of an independent third party valuation firm by using the discounted cash flow method under the income approach. The discounted cash flow derived by management considered Group's future business plan, specific business and financial risks, the stage of development of Group's operations and economic and competitive elements affecting Group's business, industry and market. The discount rates used for the grant date fair value were 10.00%.

The shares granted under this employee stock incentive scheme will be vested in five years (the "Service Period"), with 20% of the shares granted unlocked each year within Service Period, except for those granted to Mr. Dai Daoguo and Mr. He Yingpin, which unlocked directly upon the date of granting.

The unlocked shares due to failure on fulfillment of Service Period shall transfer to Mr. Dai Daoguo, Mr. He Yingpin or Junxin Group at a price of RMB7.5 per share, deducting all the dividends received.

The equity-settled share-based payment expenses recognized during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 (unaudited) and 2026 are as follows:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Share-based payment expenses	7,740	4,301	1,627	557	–

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

	Note	Share capital	Treasury shares reserves	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 28(c)	*Note 28(d)(iv)*	*Notes 28(d)(i)*	*Note 28(d)(ii)*		
Balance at January 1, 2023		410,010	–	2,787,419	113,405	814,305	4,125,139
Profit and total comprehensive income for the year		–	–	–	–	412,204	412,204
Appropriation to statutory reserve		–	–	–	41,220	(41,220)	–
Dividends declared	*28(b)(i)*	–	–	–	–	(369,009)	(369,009)
Equity-settled share-based transactions		–	–	6,046	–	–	6,046
Balance at December 31, 2023		410,010	–	2,793,465	154,625	816,280	4,174,380
Balance at January 1, 2024		410,010	–	2,793,465	154,625	816,280	4,174,380
Profit and total comprehensive income for the year		–	–	–	–	551,095	551,095
Appropriation to statutory reserve		–	–	–	55,109	(55,109)	–
Acquisition of a subsidiary through issuing of new shares		105,616	–	1,432,151	–	–	1,537,767
Equity-settled share-based transactions		–	–	3,249	–	–	3,249
Dividends declared	*28(b)(i)*	–	–	–	–	(369,009)	(369,009)
Balance at December 31, 2024		515,626	–	4,228,865	209,734	943,257	5,897,482
Balance at January 1, 2025		515,626	–	4,228,865	209,734	943,257	5,897,482
Profit and total comprehensive income for the year		–	–	–	–	579,292	579,292
Appropriation to statutory reserve		–	–	–	57,929	(57,929)	–
Non-public issuance of A shares		48,018	–	696,422	–	–	744,440
Effect of capitalization issues	*28(b)(ii)*	225,457	–	(225,457)	–	–	–
Equity-settled share-based transactions		–	–	1,236	–	–	1,236
Repurchase of ordinary A shares	*28(d)(iv)*	–	(51,000)	–	–	–	(51,000)
Dividends declared	*28(b)(i)*	–	–	–	–	(507,279)	(507,279)
Balance at December 31, 2025		789,101	(51,000)	4,701,066	267,663	957,341	6,664,171
Balance at January 1, 2026		789,101	(51,000)	4,701,066	267,663	957,341	6,664,171
Profit and total comprehensive income for the period		–	–	–	–	16,986	16,986
Repurchase of ordinary A shares		–	(249,006)	–	–	–	(249,006)
Balance at March 31, 2026		789,101	(300,006)	4,701,066	267,663	974,327	6,432,151

(b) Dividends

(i) Cash dividends

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Ordinary A shares					
Final dividends in respect of the previous year, declared and paid during the year/period (tax inclusive)	369,009	369,009	507,279	–	–
	369,009	369,009	507,279	–	–

During the years ended December 31, 2023, 2024 and 2025, the dividends of RMB0.9, RMB0.9 and RMB0.9 per share (tax inclusive) in respect of the years ended December 31, 2022, 2023 and 2024, respectively, were approved by the respective Annual General Meetings of the Company.

On April 21, 2026, the final dividend of RMB6.53 per 10 shares (tax inclusive) in respect of the year ended December 31, 2025 were approved by the Annual General Meeting of the Company totaled to RMB502,948,000, and was fully paid subsequently.

(ii) Capitalization issues

On May 26, 2025, with the approval from Annual General Meeting of the Company, the Company issued shares of four new shares for each ten shares in aggregate of 225,457,000 ordinary shares out from capital reserve.

(c) Share capital

Issued share capital of the Company

	No. of shares in thousand	RMB'000
Ordinary shares, issued and fully paid:		
At January 1, 2023 and December 31, 2023	410,010	410,010
Acquisition of subsidiaries through issuing of new shares *(note)*	105,616	105,616
At December 31, 2024 and January 1, 2025	515,626	515,626
Non-public issuance of A shares *(note)*	48,018	48,018
Capitalization issues *(note 28(b))*	225,457	225,457
At December 31, 2025, January 1, 2026 and March 31, 2026	789,101	789,101

Note: As described in Note 15, the Company acquired Renhe Group through issuing 105,615,853 ordinary shares in November 2024, which followed by a non-public offering of 48,017,606 ordinary shares in January 2025.

(d) Nature and purposes of reserves

(i) Capital reserve

The capital reserve comprises the following:

– *Share premium*

As at December 31, 2023 and 2024 and 2025 and March 31, 2026, the share premium comprises capital contribution from shareholders of the Company in excess of the par value of shares.

As described in Note 28(b)(ii), in May 2025, the Company issued shares out from capital reserve of RMB225,457,000.

As described in Note 15, the Company acquired Renhe Group through issuing 105,615,853 ordinary shares in November 2024, the difference between the fair value of the shares issued of RMB1,537,767,000 and the par value of shares issued of RMB105,616,000 was credited in capital reserve; which followed by a non-public offering of 48,017,606 ordinary shares in January 2025, the difference between the net proceeds received of RMB744,440,000 from shareholders of the Company and par value of shares issued was credited in capital reserve.

– *Share-based payments reserve*

The share-based payments reserve represents the portion of the grant date fair value of restricted share units granted to the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(r)(ii).

(ii) Statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilized in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, appropriation to statutory surplus reserves made by the Company's PRC subsidiaries amounting to RMB56,915,000, RMB95,658,000 and RMB63,704,000 and nil, respectively, and were included in the consolidated retained profits attributable to equity shareholders of the Company and NCI.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the Chinese mainland which are dealt with in accordance with the accounting policies set out in Note 2(v).

(iv) Treasury shares

During the year ended December 31, 2025 and the three months ended March 31, 2026, the Company repurchased its own shares on the Shenzhen Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregated price paid
		RMB	*RMB*	*RMB'000*
August 2025	3,603,180	14.29	13.86	51,000
February 2026	7,442,351	16.10	13.86	118,267
March 2026	7,843,780	17.38	13.86	130,739

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, receivables arising from service concession arrangements and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits, Bank CDs and bills receivables is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk.

The Group's exposure to credit risk arising from entrusted loan is considered to be low given full and unconditional guaranteed from state-owned entities with high-credit-quality and diligent repayment track record.

The management of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at December 31, 2023, 2024 and 2025 and March 31, 2026 mainly are deposits and no significant actual losses were experienced historically by the Group.

The Group does not provide any guarantee which would expose the Group to credit risk.

The Group has concentration of credit risk for trade receivables and contract assets. As at December 31, 2023, 2024 and 2025 and March 31, 2026, gross carrying amount of trade receivables and gross carrying amounts of contract assets of the Group amounted to RMB839,704,000, RMB1,886,016,000, RMB1,847,893,000 and RMB1,985,752,000, respectively, of which 99.83%, 96.72%, 93.45% and 92.98% were due from the five largest customers in aggregate of the Group respectively.

For trade receivables and contract assets, to which the Group applies the simplified approach for impairment, information is disclosed in Notes 19 and 22 to the Historical Financial Information.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	As at December 31, 2023					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	352,317	–	–	–	352,317	352,317
Bank loans and other borrowings	569,977	454,097	1,205,742	736,986	2,966,802	2,646,255
Lease liabilities	1,371	1,247	2,666	8,431	13,715	10,170
	923,665	455,344	1,208,408	745,417	3,332,834	3,008,742

	As at December 31, 2024					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	1,173,731	25,000	1,500	–	1,200,231	1,200,231
Bank loans and other borrowings	559,185	573,919	1,187,897	871,326	3,192,327	2,886,107
Lease liabilities	1,292	812	1,883	8,246	12,233	8,197
	1,734,208	599,731	1,191,280	879,572	4,404,791	4,094,535

	As at December 31, 2025					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	517,698	22,608	1,500	–	541,806	541,806
Bank loans and other borrowings	578,434	520,344	1,163,524	1,068,888	3,331,190	3,008,656
Lease liabilities	756	645	1,963	7,155	10,519	7,700
	1,096,888	543,597	1,166,987	1,076,043	3,883,515	3,558,162

	As at March 31, 2026					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	437,497	18,128	–	–	455,625	455,625
Bank loans and other borrowings	563,196	803,770	1,102,527	1,109,589	3,579,082	3,247,491
Lease liabilities	756	733	1,963	7,155	10,607	7,796
	1,001,449	822,631	1,104,490	1,116,744	4,045,314	3,710,912

(c) Interest rate risk

The Group's interest rate risk exposure arises primarily from lease liabilities, short-term and long-term loans and borrowings. These borrowings bearing interest at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	As at December 31,						As at March 31,	
	2023		2024		2025		2026	
	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Fixed rate borrowings:								
Other borrowings	N/A	–	0.65%	28,711	0.65%-1.80%	116,881	0.65%-1.80%	296,012
Lease liabilities	4.20%-18.00%	10,170	3.85%-18.00%	8,197	3.85%-18.00%	7,700	3.85%-18.00%	7,797
		10,170		36,908		124,581		303,809
Floating rate borrowings:								
Bank loans	3.20%-3.95%	2,646,255	2.45%-3.65%	2,857,396	2.35%-3.65%	2,891,775	2.35%-2.75%	2,951,478
Total borrowings		2,656,425		2,894,304		3,016,356		3,255,287
Fixed rate borrowings as a percentage of total borrowings		0.38%		1.26%		4.13%		9.33%

(ii) Sensitivity analysis

As at December 31, 2023, 2024 and 2025 and March 31, 2026, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB2,488,000, RMB2,441,000, RMB2,485,000 and RMB649,000, respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments may held by the Group at the end of each reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis during the years ended December 31, 2023, 2024, and 2025 and the three months ended March 31, 2026.

In respect of the exposure to cash flow interest rate risk arising from other floating rate non-derivative financial instruments held by the Group, such as cash and cash equivalents, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group is exposed to currency risk primarily from cash and cash equivalents, other receivables and bank loan that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group's currency risk mainly arises from transactions denominated in United States Dollars ("USD"), Euro ("EUR"), JPY as well as RMB as to the subsidiaries with functional currencies other than RMB.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the period end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)											
	As at December 31, 2023	As at December 31, 2024				As at December 31, 2025				As at March 31, 2026		
	EUR	EUR	JPY	USD	RMB	EUR	JPY	USD	RMB	JPY	USD	RMB
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	–	–	–	–	–	–	–	157	–	–	66	–
Cash and cash equivalents	–	–	–	15,622	13,398	–	–	13,453	41,461	–	11,678	30,561
Trade and other payables	(10,098)	(9,669)	–	–	(3,668)	(3,052)	–	(1,147)	(142,817)	–	(372)	(122,990)
Bank loans and other borrowings	–	–	(28,711)	–	–	–	(27,214)	–	(340,260)	(26,345)	–	(390,298)
Exposure arising from recognised (liabilities)/assets	(10,098)	(9,669)	(28,711)	15,622	9,730	(3,052)	(27,214)	12,463	(441,616)	(26,345)	11,372	(482,727)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025		As at March 31, 2026	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
EUR	2%	(202)	2%	(169)	2%	(53)	2%	–
EUR	(2)%	202	(2)%	169	(2)%	53	(2)%	–
JPY	5%	–	5%	(1,220)	5%	(1,157)	5%	(280)
JPY	(5)%	–	(5)%	1,220	(5)%	1,157	(5)%	280
USD	2%	–	2%	281	2%	224	2%	51
USD	(2)%	–	(2)%	(281)	(2)%	(224)	(2)%	(51)
RMB	2%	–	2%	175	2%	(7,949)	2%	(2,172)
RMB	(2)%	–	(2)%	(175)	(2)%	7,949	(2)%	2,172

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting date:

	Fair value at December 31,	Fair value measurements as at December 31, 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	814,065	–	814,065	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at December 31,	Fair value measurements as at December 31, 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	547,269	–	547,269	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at December 31,	Fair value measurements as at December 31, 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	1,377,480	–	1,377,480	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at March 31,	Fair value measurements as at March 31, 2026 categorised into		
	2026	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	1,502,424	–	1,502,424	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by the net asset value of the products published by the issuing banks on the balance sheet date.

Information about Level 3 fair value measurement

Below is the valuation technique and significant unobservable input to the valuation of investment in unlisted equity at December 31, 2023, 2024 and 2025 and March 31, 2026.

	Valuation technique	Significant Unobservable input
Investment in unlisted equity	Market approach	Price book value ratio

As at December 31, 2023, 2024 and 2025 and March 31, 2026, it is estimated that the volatility on significant unobservable inputs used in the fair value measurement would not have material impact on fair value of investment in unlisted equity.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost approximate their fair values at the end of each reporting period.

30 COMMITMENTS

Commitments outstanding at December 31, 2023, 2024 and 2025 and March 31, 2026 not provided for in the financial statements were as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital commitments outstanding in connection with the Group's construction contracts:				
Authorized and contracted	975,457	731,229	169,075	122,139
Authorized but not contracted	–	510,846	3,635,219	3,617,883
	975,457	1,242,075	3,804,294	3,740,022

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

For the Track Record Period, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Junxin Group	Controlling shareholder of the Company
Dai Daoguo	The ultimate controlling shareholder
Dai Juying	Close family member of the ultimate controlling shareholder
He Yingpin	The director of the Company
Cao Weiling	Close family member of He Yingpin
永清環保股份有限公司 (Yonker Environmental Protection Co., Ltd. "Yonker Environmental Protection")	Entity with significant influence over the Group's material subsidiary
上海浦東環保能源發展有限公司 (Shanghai Pudong Environmental Protection Energy Development Co., Ltd., "Pudong Environmental Protection")	Entity with significant influence over the Group's material subsidiaries
瀏陽市文化旅遊產業發展有限責任公司 (Liuyang Cultural Tourism Industry Development Co., Ltd., "Liuyang Tourism")	Entity with significant influence over the Group's subsidiary
瀏陽市城鄉發展集團有限責任公司 (Liuyang Urban and Rural Development Group Co., Ltd., "Liuyang Urban Rural")	Entity with significant influence over the Group's subsidiary
紐威科技(長沙)有限公司 (Neway Technology (Changsha) Co., Ltd., "Neway Technology")	Entity controlled by the close family member of the ultimate controlling shareholder
湖南聯合思源環保新能源有限公司 Hunan United Siyuan Environmental Protection New Energy Co., Ltd. "United Siyuan Environmental Protection"	Associate of the Group

Note: the official names of above related parties are in Chinese, the translation of the names in English is for identification only.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9, is as follows.

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	25,290	19,729	24,150	6,212	3,814
Contributions to defined contribution retirement plan	390	212	184	51	40
Equity-settled share-based payment expenses	3,130	1,738	642	228	–
	28,810	21,679	24,976	6,491	3,854

(c) Other related parties transactions

During the Track Record Period, the Group entered into the following related party transactions:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase of materials from related parties					
– Liuyang Tourism	230	–	–	–	–
– Liuyang Urban Rural	1,045	–	–	–	–
Leases to related parties					
– Neway Technology	25	–	–	–	–

(d) Balance with related party

	As at December 31,		As at March 31,
	2024	2025	2026
	Net amount	Net amount	Net amount
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– United Siyuan Environmental Protection	6,139	3,583	–

As at December 31, 2024 and 2025, amounts due from United Siyuan Environmental Protection are non-trade in nature, repayable on demand, unsecured and with an interest rate of 4.35% per annum. These receivables are not considered individually impaired, and the ECL assessment in respect of these receivables is performed based on the ageing of the receivables.

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
– United Siyuan Environmental Protection	1,500	1,500	–

As at end of each reporting period, amounts due to United Siyuan Environmental Protection are unpaid investment consideration, which is interest free.

(e) Guarantee provided by related parties

As at December 31, 2023, 2024 and 2025 and March 31, 2026, certain bank loans and other borrowings were guaranteed by the related parties of the Group. As at the end of each reporting period, the maximum exposures to those related parties are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Junxin Group	929,831	653,519	–	–
Pudong Environmental Protection	189,191	149,746	129,869	129,729
Yonker Environmental Protection	62,750	40,922	39,038	38,916
Dai Daoguo	670,276	620,754	–	–
He Yingpin	670,276	620,754	–	–

The directors of the Company have confirmed that the guarantee provided by Pudong Environmental Protection and Yonker Environmental Protection will not be released until respective expiration.

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Proposal of Final Dividends

On April 21, 2026, a resolution on 2025 final dividend was approved in Annual General Meeting, which included a final dividend of RMB6.53 per ten share totaled to RMB502,948,000, which was fully paid subsequently.

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding party of the Company as at December 31, 2023, 2024 and 2025 and March 31, 2026 was Junxin Group.

The ultimate controlling party of the Company was Mr. Dai Daoguo, Ms. Li Xiaochun, Junxin Group and Daoxin Investment.

34 PRE-ACQUISITION FINANCIAL INFORMATION OF THE RENHE GROUP

The pre-acquisition financial information of the Renhe Group for the year ended December 31, 2023 and the eleven months ended November 30, 2024 (completion date of the acquisition, "Pre-acquisition Period") is provided below. The accounting policies adopted in the preparation of the pre-acquisition financial information are consistent with those adopted in the preparation of the Historical Financial Information of the Group, which are set out in Note 2.

(a) Consolidated statements of profit or loss and other comprehensive income of Renhe Group

	Notes	Years ended December 31,	Eleven months ended November 30,
		2023	2024
		RMB'000	*RMB'000*
Revenue	*(1)*	**1,026,651**	**973,837**
Direct costs and operating expenses		(311,306)	(280,177)
Gross profit		**715,345**	**693,660**
Other revenue	*(2)*	22,900	21,256
Other net (loss)/income	*(3)(i)*	(60)	684
Administrative and selling expenses		(109,196)	(77,369)
Research and development expenses		(33,058)	(31,593)
Impairment losses under ECL model, net of reversal		(9,889)	(19,894)
Profit from operations		**586,042**	**586,744**
Finance costs	*(3)(ii)*	(8,079)	(5,937)
Share of profits of an associate		195	135
Profit before taxation	*(3)*	**578,158**	**580,942**
Income tax	*(4)(i)*	(81,210)	(81,210)
Profit and other comprehensive income for the year/period		**496,948**	**499,732**

(b) Consolidated statements of financial position of Renhe Group

	Notes	As at 31 December 2023	As at November 30, 2024
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*(6)*	563,851	491,544
Right-of-use assets	*(6)*	81,294	79,346
Investment properties	*(6)*	3,699	3,218
Intangible assets	*(7)*	153,311	140,718
Goodwill		23,896	23,896
Investment in an associate		1,999	2,135
Prepayments	*(10)*	337	1,149
Deferred tax assets		6,351	9,361
		834,738	751,367
Current assets			
Inventories	*(9)*	3,081	2,940
Financial assets at FVPL		–	150,163
Prepayments, trade and other receivables	*(10)*	574,857	844,970
Restricted cash		2	2
Cash and cash equivalents	*(11)*	356,841	489,133
		934,781	1,487,208
Current liabilities			
Bank loans and other borrowings	*(12)*	46,402	42,101
Trade and other payables	*(13)*	127,402	119,906
Contract liabilities		1,978	3,585
Income tax payable		23,043	17,413
		198,825	183,005
Net current assets		735,956	1,304,203
Total assets less current liabilities		1,570,694	2,055,570
Non-current liabilities			
Other payables	*(13)*	1,500	1,500
Deferred income		2,280	1,845
Bank loans and other borrowings	*(12)*	112,662	112,020
Provisions		32,866	15,241
		149,308	130,606
NET ASSETS		1,421,386	1,924,964
CAPITAL AND RESERVES			
Share capital/paid-in capital	*(15)*	422,300	422,300
Reserves		999,086	1,502,664
TOTAL EQUITY		1,421,386	1,924,964

(c) Statements of financial position of Renhe Environment Technology

	Notes	As at 31 December 2023	As at November 30, 2024
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*(6)*	178,331	155,088
Right-of-use assets	*(6)*	31,953	30,899
Intangible assets		3,745	3,317
Goodwill		23,896	23,896
Investments in subsidiaries	*(8)*	541,051	541,051
Investment in an associate		1,999	2,135
Prepayments	*(10)*	186	–
Deferred tax assets		4,691	5,883
		785,852	762,269
Current assets			
Inventories		1,083	852
Financial assets at FVPL		–	50,054
Prepayments, trade and other receivables	*(10)*	265,927	537,536
Cash and cash equivalents	*(11)*	155,080	192,060
		422,090	780,502
Current liabilities			
Bank loans and other borrowings	*(12)*	28,029	20,014
Trade and other payables	*(13)*	96,041	94,271
Contract liabilities		1,978	3,585
Lease liabilities		302	11
Income tax payable		9,327	5,612
		135,677	123,493
Net current assets		286,413	657,009
Total assets less current liabilities		1,072,265	1,419,278
Non-current liabilities			
Other payables	*(13)*	1,500	1,500
Deferred income		2,280	1,845
Bank loans and other borrowings	*(12)*	16,015	–
Lease liabilities		317	332
		20,112	3,677
NET ASSETS		1,052,153	1,415,601
CAPITAL AND RESERVES	*(15)*		
Share capital/paid-in capital		422,300	422,300
Reserves		629,853	993,301
TOTAL EQUITY		1,052,153	1,415,601

(d) Consolidated statements of changes in equity of Renhe Group

	Notes	Share capital/ paid-in capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		422,300	171,402	107,672	608,661	1,310,035
Profit and total comprehensive income for the year		–	–	–	496,948	496,948
Appropriation to statutory reserve		–	–	42,586	(42,586)	–
Equity-settled share-based transactions	*(14)*	–	14,403	–	–	14,403
Dividends approved and paid	*(15)(iii)*	–	–	–	(400,000)	(400,000)
Balance at December 31, 2023 and January 1, 2024		422,300	185,805	150,258	663,023	1,421,386
Profit and total comprehensive income for the period		–	–	–	499,732	499,732
Equity-settled share-based transactions	*(14)*	–	3,846	–	–	3,846
Balance at November 30, 2024		422,300	189,651	150,258	1,162,755	1,924,964

(e) Consolidated cash flow statements

	Notes	Years ended December 31, 2023	Eleven months ended November 30, 2024
		RMB'000	*RMB'000*
Operating activities			
Cash generated from operations	*(11)*	506,245	409,012
Income tax paid		(80,347)	(89,850)
Net cash generated from operating activities		**425,898**	**319,162**
Investing activities			
Proceeds from disposal of property, plant and equipment		2,133	566
Receipt of supplier deposits for construction projects		1,530	–
Recovery of amounts due from related parties		3,340	–
Payment for acquisition of financial assets at FVPL		–	(150,000)
Payment for the purchase of property, plant and equipment and construction of service concession projects		(75,874)	(29,082)
Repayment of supplier deposits for construction projects		(1,360)	–
Net cash used in investing activities		**(70,231)**	**(178,516)**

	Notes	Years ended December 31, 2023	Eleven months ended November 30, 2024
		RMB'000	*RMB'000*
Financing activities			
Payment of capital element of lease liabilities	*(11)(iii)*	–	–
Payment of interest element of lease liabilities	*(11)(iii)*	–	–
Contribution from a shareholder		–	–
Proceeds from bank loans and other borrowings	*(11)(iii)*	40,000	30,000
Repayment of bank loans and other borrowings	*(11)(iii)*	(55,597)	(33,567)
Interest of bank loans and other borrowings paid	*(11)(iii)*	(7,240)	(6,387)
Dividends paid to equity shareholders of Renhe Environment Technology		(400,000)	–
Net cash used in financing activities		**(422,837)**	**(9,954)**
Net (decrease)/increase in cash and cash equivalents		**(67,170)**	**130,692**
Cash and cash equivalents at the beginning of the year/period	*(11)(i)*	**422,554**	**356,841**
Effect of foreign exchange rate changes	*(3)(i)*	**1,457**	**1,600**
Cash and cash equivalents at the end of the year/period	*(11)(i)*	**356,841**	**489,133**

Notes:

(1) Revenue

Revenue represents the revenue from electricity sales, waste treatment services, construction services, food waste collection, household waste interim treatment and transfer services and sales of industrial-grade mixed oil.

(i) Disaggregation of revenue

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:		
Revenue from sales of electricity	3,131	4,117
Revenue from sales of industrial-grade mixed oil	170,893	163,788
Revenue from waste treatment services	154,470	142,092
– Sewage	13,231	9,136
– Food waste	141,239	132,956
Revenue from construction services	45	–
Revenue from household waste interim treatment and transfer	628,509	601,800
Revenue from food waste collection	63,819	59,278
Others	1,347	769
	1,022,214	971,844
Revenue from others:		
Rentals income	4,437	1,993
Total	1,026,651	973,837

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Point in time	1,022,169	971,844
Over time	45	–
	1,022,214	971,844

As substantially all of the Renhe Group's operations and assets are in the PRC during the Pre-acquisition Period, no geographic information is presented.

Revenue from each of the major customers Pre-acquisition Period, with whom transactions contributed to 10% or more of Renhe Group's revenue, is set out below:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Customer A	735,128	704,735
Customer E	N/A *(note)*	116,863

Note: The corresponding revenue did not contribute over 10% of the total revenue of Renhe Group.

(2) Other revenue

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Interest income on bank deposits	4,947	4,318
Interest income on loans to a related party	508	412
Interest income on loans to a third party	–	–
VAT super deduction and refund	13,903	14,137
Other government grants	3,067	1,954
Others	475	435
	22,900	21,256

(3) Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(i) Other net loss/(income)

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Net loss/(gain) on disposal of property, plant and equipment	442	(3)
Net fair value changes on financial assets at FVPL	–	(163)
External donations	1,050	1,085
Foreign exchange gain	(1,457)	(1,600)
Others	25	(3)
	60	(684)

(ii) Finance costs

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings *(note (11)(iii))*	5,766	5,011
Unwinding of discount on provisions	2,313	926
	8,079	5,937

(iii) Staff costs

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	130,792	123,438
Share-based payment expenses	14,403	3,846
Contributions to defined contribution retirement plan	8,952	7,982
	154,147	135,266

(iv) Other items

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Amortization cost of intangible assets *(note (7))*	9,797	9,716
Depreciation charge *(note (6))*		
– owned property, plant and equipment	83,140	76,983
– investment properties	525	481
– right-of-use assets	1,653	1,948
	85,318	79,412
Auditors' remuneration	894	170
Cost of inventories	14,761	14,434
Research and development expenses *(note)*	33,058	31,593

Note: For the year ended December 31, 2023 and the eleven months ended November 30, 2024, research and development expenses include RMB31,509,000 and RMB30,904,000, respectively, relating to cost of inventories, staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in Notes 34(3)(iii) and (iv) for each of these types of expenses.

(4) Income tax

(i) Income tax in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Current tax – PRC corporate income tax		
Provision for the year/period	83,242	84,220
Deferred tax		
Origination and reversal of temporary differences	(2,032)	(3,010)
	81,210	81,210

(ii) Reconciliation between tax expense and accounting profit at applicable tax rate:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Profit before taxation	578,158	580,942
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned *(note (i))*	144,540	145,236
Effect of different tax rates applicable to entities comprising the Renhe Group *(note (ii))*	(56,613)	(57,480)
Tax effect of non-deductible expenses	717	586
Tax effect of non-taxable income *(note (iii))*	(2,765)	(2,620)
Tax effect of deductible temporary differences unrecognized	227	192
Tax effect of additional deduction for qualified research and development expenses *(note (iv))*	(4,896)	(4,704)
Actual tax expense	81,210	81,210

Notes:

(i) Taxable income for the Renhe Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the years ended December 31, 2023 and eleven months ended November 30, 2024, unless otherwise specified.

(ii) According to the Enterprise Income Tax Law of the PRC and its relevant regulations, Renhe Environment Technology and Renhe Environment Protection that qualified as high-tech enterprise under the law are entitled to a preferential income tax rate of 15%. Renhe Environment Technology was qualified as a high-technology enterprises and was subject to a preferential income tax rate of 15% from 2022 to 2024, the management of the Group are of the opinion Renhe Environment Technology will be able to renew its qualification and continue to be subject the preferential tax for the year ended December 31, 2025. Renhe Environment Protection were qualified as a high-technology enterprises and were subject to a preferential income tax rate of 15% from 2024 to 2026.

(iii) The revenue from sales of electricity generated by biogas and sales of industrial-grade mixed oil were within the Catalog of Tax Incentives for Enterprises Engaged in Comprehensive Resource Utilization (2021 Edition) and were subject to 10% deduction in revenue when calculating income tax.

(iv) Under the Enterprise Income Tax Law of the PRC and its relevant regulations, a 100% additional tax deduction from October 1, 2022 onwards.

(5) Directors and supervisors' emoluments

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Directors and supervisors' fees	–	–
Salaries, allowances and benefits in kind	14,646	12,997
Share-based payment expenses	12,436	3,321
Discretionary bonuses	–	–
Retirement scheme contribution	233	231
	27,315	16,549

(6) Property, plant and equipment, right-of-use assets and investment properties

Renhe Group

	Buildings	Plant, machinery and equipment	Motor vehicles, electronic equipment and others	Leasehold improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:											
At January 1, 2023	372,964	274,984	156,486	142,304	25,725	972,463	91,727	875	92,602	11,042	1,076,107
Additions	695	1,749	21,472	–	16,341	40,257	6,321	–	6,321	–	46,578
Transfer from construction in progress	177	19,106	405	1,725	(21,413)	–	–	–	–	–	–
Disposals	–	(2,824)	(17,350)	–	–	(20,174)	–	–	–	–	(20,174)
At December 31, 2023 and January 1, 2024	373,836	293,015	161,013	144,029	20,653	992,546	98,048	875	98,923	11,042	1,102,511
Additions	–	977	2,465	9	1,789	5,240	–	–	–	–	5,240
Transfer from construction in progress	396	10,021	242	228	(10,887)	–	–	–	–	–	–
Disposals	–	(1,100)	(1,354)	–	–	(2,454)	–	–	–	–	(2,454)
At November 30, 2024	374,232	302,913	162,366	144,266	11,555	995,332	98,048	875	98,923	11,042	1,105,297
Accumulated depreciation:											
At January 1, 2023	(151,080)	(91,517)	(103,502)	(17,190)	–	(363,289)	(15,101)	(875)	(15,976)	(6,818)	(386,083)
Charge for the year	(22,105)	(26,194)	(17,503)	(17,338)	–	(83,140)	(1,653)	–	(1,653)	(525)	(85,318)
Written back on disposals	–	1,288	16,446	–	–	17,734	–	–	–	–	17,734
At December 31, 2023 and January 1, 2024	(173,185)	(116,423)	(104,559)	(34,528)	–	(428,695)	(16,754)	(875)	(17,629)	(7,343)	(453,667)
Charge for the period	(19,781)	(25,438)	(15,754)	(16,010)	–	(76,983)	(1,948)	–	(1,948)	(481)	(79,412)
Written back on disposals	–	617	1,273	–	–	1,890	–	–	–	–	1,890

	Buildings	Plant, machinery and equipment	Motor vehicles, electronic equipment and others	Leasehold improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At November 30, 2024	(192,966)	(141,244)	(119,040)	(50,538)	–	(503,788)	(18,702)	(875)	(19,577)	(7,824)	(531,189)
Net book value:											
At November 30, 2024	181,266	161,669	43,326	93,728	11,555	491,544	79,346	–	79,346	3,218	574,108
At December 31, 2023	200,651	176,592	56,454	109,501	20,653	563,851	81,294	–	81,294	3,699	648,844

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	Buildings	Plant, machinery and equipment	Motor vehicles, electronic equipment and others	Leasehold improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At January 1, 2023	100,087	160,951	41,245	8,144	14,274	324,701	28,989	353,690
Additions	–	1,155	12,912	–	16,388	30,455	6,321	36,776
Transfer from construction in progress	–	16,930	406	344	(17,680)	–	–	–
Disposals	–	(906)	(10,133)	–	–	(11,039)	–	(11,039)
At December 31, 2023 and January 1, 2024	100,087	178,130	44,430	8,488	12,982	344,117	35,310	379,427
Additions	–	602	2,104	–	909	3,615	–	3,615
Transfer from construction in progress	396	10,021	242	228	(10,887)	–	–	–
Disposals	–	(516)	(844)	–	–	(1,360)	–	(1,360)
At November 30, 2024	100,483	188,237	45,932	8,716	3,004	346,372	35,310	381,682
Accumulated depreciation:								
At January 1, 2023	(59,756)	(58,446)	(27,816)	(1,447)	–	(147,465)	(2,678)	(150,143)
Charge for the year	(5,730)	(16,045)	(5,754)	(624)	–	(28,153)	(679)	(28,832)
Written back on disposals	–	242	9,590	–	–	9,832	–	9,832
At December 31, 2023 and January 1, 2024	(65,486)	(74,249)	(23,980)	(2,071)	–	(165,786)	(3,357)	(169,143)
Charge for the period	(4,743)	(16,045)	(5,217)	(606)	–	(26,611)	(1,054)	(27,665)
Written back on disposals	–	324	789	–	–	1,113	–	1,113
At November 30, 2024	(70,229)	(89,970)	(28,408)	(2,677)	–	(191,284)	(4,411)	(195,695)
Net book value:								
At November 30, 2024	30,254	98,267	17,524	6,039	3,004	155,088	30,899	185,987
At December 31, 2023	34,601	103,881	20,450	6,417	12,982	178,331	31,953	210,284

(7) Intangible assets

Renhe Group

	Software	Project operating rights	Project operating rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	5,088	241,581	25,264	271,933
Additions	1,858	1,707	45	3,610
Adjustment from re-valuation of restoration cost	–	(1,893)	–	(1,893)

	Software	Project operating rights	Project operating rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	6,946	241,395	25,309	273,650
Additions	307	–	–	307
Adjustment from re-valuation of restoration cost	–	(3,184)	–	(3,184)
At November 30, 2024	7,253	238,211	25,309	270,773
Accumulated amortization:				
At January 1, 2023	(125)	(110,417)	–	(110,542)
Charge for the year	(528)	(9,269)	–	(9,797)
At December 31, 2023 and January 1, 2024	(653)	(119,686)	–	(120,339)
Charge for the period	(1,158)	(8,558)	–	(9,716)
At November 30, 2024	(1,811)	(128,244)	–	(130,055)
Net book value:				
At November 30, 2024	5,442	109,967	25,309	140,718
At December 31, 2023	6,293	121,709	25,309	153,311

(8) Investments in subsidiaries

Company name	Form of business structure	Place and date of incorporation/ establishment	Particulars of issued capital/ paid-up capital	Effective interest held by Renhe Environment Technology		Principal activities
				As at December 31, 2023	As at November 30, 2024	
Renhe Environment Protection	Company with limited liability	The PRC July 1, 2004	RMB167,200,000/ RMB167,200,000	100%	100%	Interim treatment compression, and transfer of household waste in the PRC

Company name	Place and date of incorporation/ establishment	Particulars of issued capital/ paid-up capital	Effective interest held by Renhe Environment Technology		Principal activities
			As at December 31, 2023	As at November 30, 2024	
湖南仁和環境產業有限公司* (Hunan Renhe Environment Industry Co., Ltd., "Renhe Environment Industry")	The PRC August 18, 2020	RMB70,000,000/ RMB70,000,000	100%	100%	Construction, waste treatment project operation in the PRC
長沙仁華環保科技有限公司* (Changsha Renhua Environmental Protection Technology Co., Ltd., "Renhe Environmental Protection")	The PRC March 17, 2016	RMB2,000,000/ RMB1,000,000	100%	100%	Waste collection, transfer and interim treatment services in the PRC
湖南聯合餐廚有機固廢循環利用研究院有限公司* (Hunan United Kitchen Organic Solid Waste Recycling Research Institute Co., Ltd., "United Kitchen")	The PRC December 23, 2019	RMB10,000,000/ nil	100%	100%	Construction, Leachate (effluent), waste treatment project operation in the PRC

* The English translation of the names of the entities is for reference only. The official names of these entities are in Chinese. These entities were all limited liability companies under the law of the PRC.

(9) Inventories

(i) Inventories in the consolidated statements of financial position comprise:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Raw materials	2,239	2,307
Finished goods	379	257
Other materials	463	376
	3,081	2,940

(ii) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Carrying amount of inventories recognized as cost of sales	7,322	5,794
Carrying amount of inventories recognized as research and development expenses	7,439	8,640
	14,761	14,434

(10) Trade and other receivables

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade receivables	593,789	883,334
Less: loss allowance	(34,507)	(52,990)
	559,282	830,344
Loans to a third party	20,677	20,677
Less: loss allowance for loans to a third party	(20,677)	(20,677)
	–	–
Loans to a related party	12,485	10,936
Less: loss allowance for loans to a related party	(3,492)	(4,886)
	8,993	6,050
Prepayments	4,420	6,155
VAT recoverable	847	821
Other receivables and deposits	3,433	4,547
Less: loss allowance for other receivables	(1,781)	(1,798)
	6,919	9,725
Less: Non-current portion		
– Prepayment for purchase of property, plant and equipment	(337)	(1,149)
Current portion	574,857	844,970

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade receivables	109,401	164,956
Less: loss allowance	(5,516)	(8,332)
	103,885	156,624
Loans to a third party	20,677	20,677
Less: loss allowance for loans to a third party	(20,677)	(20,677)
	–	–
Loans to a related party	12,485	10,936
Less: loss allowance for loans to a related party	(3,492)	(4,886)
	8,993	6,050
Prepayments	2,656	3,187
VAT recoverable	11	60
Amounts due from related parties	150,131	371,095
Other receivables and deposits	592	680
Less: loss allowance for other receivables	(155)	(160)
	153,235	374,862
Less: Non-current portion		
– Prepayment for purchase of property, plant and equipment	(186)	–
Current portion	265,927	537,536

Notes:

(i) Prepayments mainly represent prepayments for fuel expense.

(ii) All of the current portion of trade and other receivables are expected to be recovered or recognized as expense within one year or are recovered on demand.

Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables of Renhe Group, based on the revenue recognition date, is as follows:

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	554,295	767,604
1 to 2 years	4,987	60,097
2 to 3 years	–	2,643
3 to 4 years	–	–
	559,282	830,344

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	102,297	153,093
1 to 2 years	1,588	3,416
2 to 3 years	–	115
	103,885	156,624

As at the end of each reporting period, the trade receivables are mainly from government authorities and state-owned entities. The expected credit loss from government authorities and state-owned entities is evaluated at each reporting date using the probability of default approach to measure expected credit losses which, except for customers with known financial difficulties or significant doubt on collection, they are assessed individually for impairment allowance. The provision rates are referenced to the credit ratings of comparables with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when Renhe Group determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The expected credit loss from non-government authorities is evaluated at each reporting date using the provision matrix approach.

Movement in the loss allowance account in respect of trade receivables during the year ended December 31, 2023 and eleven months ended November 30, 2024 is as follows:

	Years ended December 31,	As at November 30,
	2023	2024
	RMB'000	*RMB'000*
At beginning of the year/period	27,238	34,507
Loss allowance recognised	7,269	18,483
At the end of the year/period	34,507	52,990

The following table provides information about Renhe Group's exposure to credit risk and credit loss for trade receivables:

	As at December 31,			As at November,		
	2023			2024		
	Expected loss rates	Gross carring amount	Loss allowance	Expected loss rates	Gross carring amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On individual basis						
– government agencies	6%	591,619	34,379	6%	881,324	52,792
– state electricity grid authorities	5%	1,637	82	5%	1,602	80
On customer group	9%	533	46	29%	408	118
		593,789	34,507		883,334	52,990

(11) Cash and cash equivalents and other cash flow information

(i) Cash and cash equivalents comprise:

Renhe Group

	As at December 31,	As at November 30,
	2023	2024
	RMB'000	*RMB'000*
Cash at bank and in hand, and cash equivalents	356,841	489,133

Renhe Environment Technology

	As at December 31,	As at November 30,
	2023	2024
	RMB'000	*RMB'000*
Cash at bank and in hand, and cash equivalents	155,080	192,060

(ii) Reconciliation of profit before taxation to cash generated from operations:

	Notes	Years ended December 31, 2023	Eleven months ended November 30, 2024
		RMB'000	*RMB'000*
Profit before taxation		578,158	580,942
Adjustments for:			
Depreciation	*(3)(iv)*	85,318	79,412
Amortization of intangible assets	*(3)(iv)*	9,797	9,716
Impairment losses under ECL model, net of reversal		9,889	19,894
Finance costs	*(3)(ii)*	8,079	5,937
Share of profits of an associate		(195)	(135)
Share based payment expenses	*(3)(iii)*	14,403	3,846
Loss/(gain) on disposal of property plant and equipment	*(3)(i)*	442	(3)
Net fair value changes on other financial assets at FVPL	*(3)(i)*	–	(163)
Foreign exchange gain	*(3)(i)*	(1,457)	(1,600)
Changes in working capital:			
(Increase)/decrease in inventories		(192)	141
Increase in prepayments, trade and other receivables		(238,696)	(290,007)
Increase/(decrease) in trade and other payables		39,484	(575)
Increase in contract liabilities		1,215	1,607
Cash generated from operations		506,245	409,012

(iii) Reconciliation of liabilities arising from financing activities

The table below details changes in the Renhe Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings
	RMB'000 *Note (12)*
At January 1, 2023	176,135
Changes from financing cash flows:	
Proceeds from bank loans and other borrowings	40,000
Repayment of bank loans and other borrowings	(55,597)
Interest of bank loans and other borrowings paid	(7,240)
Total changes from financing cash flows	(22,837)
Other changes:	
Interest expenses *(Note (3)(ii))*	5,766
Total other changes	5,766
At December 31, 2023	159,064

	Bank loans and other borrowings
	RMB'000 *Note (12)*
At January 1, 2024	159,064
Changes from financing cash flows:	
Proceeds from bank loans and other borrowings	30,000
Repayment of bank loans and other borrowings	(33,567)
Interest of bank loans and other borrowings paid	(6,387)
Total changes from financing cash flows	(9,954)

	Bank loans and other borrowings
	RMB'000
	Note (12)
Other changes:	
Interest expenses *(Note (3)(ii))*	5,011
Total other changes	5,011
At November 30, 2024	154,121

(12) Bank loans and other borrowings

Renhe Group:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Unsecured loans		
– RMB denominated *(note (i))*	24,024	20,014
– JPY denominated *(note (iii))*	32,538	30,393
Secured bank loans		
– RMB denominated *(note (ii))*	102,502	103,714
	159,064	154,121
Less: current portion of loans and borrowings	(46,402)	(42,101)
	112,662	112,020

Renhe Environment Technology:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Unsecured loans		
– RMB denominated *(note (i))*	24,024	20,014
Secured bank loans		
– RMB denominated *(note (ii))*	20,020	–
	44,044	20,014
Less: current portion of loans and borrowings	(28,029)	(20,014)
	16,015	–

Notes:

(i) As at December 31, 2023 and November 30, 2024, RMB denominated unsecured bank loans bore effective interest rates ranging from 3.1% to 4.1% per annum and will be repayable from 2023 to 2025.

(ii) As at December 31, 2023 and November 30, 2024, RMB denominated secured and pledged bank loans are secured by certain plant, property and equipment and/or pledged by concession rights and/or underlying future income or receivables, bore effective interest rates ranging from 3.1% to 4.5% per annum and will be repayable from 2023 to 2044.

(iii) As at December 31, 2023 and November 30, 2024, JPY denominated unsecured bank loans bore effective interest rates of 0.65% per annum and will be repayable from 2023 to 2047.

(iv) Certain loans were subject to the fulfillment of certain financial covenants of the Group or certain subsidiaries. As at the end of each reporting period, the Group was in compliance with these financial covenants.

The analysis of the repayment schedule of bank loans and other borrowings is as follows:

Renhe Group:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year or on demand	46,402	42,101
After 1 year but within 2 years	60,697	39,602
After 2 years but within 5 years	26,172	48,484
After 5 years	25,793	23,934
	159,064	154,121

Renhe Environment Technology:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year or on demand	28,029	20,014
After 1 year but within 2 years	16,015	–
After 2 years but within 5 years	–	–
	44,044	20,014

(13) Trade and other payables

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade payables	75,955	71,835
Other taxes payable	861	2,280
Payroll payables	28,261	22,347
Deposits from suppliers	18,888	19,814
Acquisition consideration payable	2,000	2,000
Amount due to an associate	1,500	1,500
Others	1,437	1,630
	128,902	121,406
Less: non-current portion amount due to an associate	(1,500)	(1,500)
Current portion	127,402	119,906

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	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade payables	60,562	60,476
Other taxes payable	327	842
Payroll payables	14,004	10,726
Deposits from suppliers	18,703	19,184
Acquisition consideration payable	2,000	2,000
Amount due to an associate	1,500	1,500
Others	445	1,043
	97,541	95,771
Less: non-current portion amount due to an associate	(1,500)	(1,500)
Current portion	96,041	94,271

All of the trade and other payables are expected to be settled within one year.

As at the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	67,944	65,666
1 to 2 years	7,030	5,088
2 to 3 years	981	1,081
	75,955	71,835

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	54,856	55,925
1 to 2 years	5,326	4,022
2 to 3 years	380	529
	60,562	60,476

(14) Equity-settled share-based payments

Renhe Environment Technology launched the employee stock incentive scheme by platform namely Hunan Renyi Enterprise Management Partnership (Limited Partnership) (湖南仁怡企業管理合夥企業(有限合夥), "Hunan Renyi").

In December 2020 and June 2021, 10 and 2 employees of Renhe Group were granted the right to indirectly hold the equity interests of Renhe Environment Technology with 2.09% and 0.05% of then equity interests of Renhe Environment Technology upon completion capital increase (representing RMB8,800,000 and RMB200,000 registered capital of Renhe Environment Technology, respectively), at a price of RMB2.7 and RMB2.7 per RMB1 registered capital, of which the fair value was RMB5.16 and RMB10.66 per RMB1 registered capital at the date of grant, respectively, through Hunan Renyi.

In November 2021, the equity interests held by Hunan Renyi were converted into ordinary shares upon Renhe Environment Technology converted into a joint stock company.

In June 2022, 1 employee of Renhe Group was granted the right to indirectly hold 300,000 ordinary shares of Renhe Environment Technology, at a price of RMB2.7 per share, of which the fair value was RMB10.66 per share at the date of grant, through Hunan Renyi.

For the equity-settled share-based payments granted in December 2020, the fair value of equity-settled share-based payments was calculated based on the fair value of underlying equity interests as at the grant date. The grant date fair value of the underlying equity interests was determined with the assistance of an independent third party valuation firm and discounted cash flow method under the income approach was used. The discounted cash flow derived by management considered Renhe Group's future business plan, specific business and financial risks, the stage of development of Renhe Group's operations and economic and competitive elements affecting Renhe Group's business, industry and market.

For the equity-settled share-based payments granted in June 2021 and June 2022, the fair value of equity-settled share-based payments was calculated based on the fair value of underlying equity interests or ordinary shares as at the grant date. The grant date fair value of the underlying equity interests or ordinary shares was determined with the reference of equity transaction price with independent third parties.

The shares granted under this employee stock incentive scheme were vested upon the date of acquisition by the Company.

The equity-settled share-based payment expenses recognized during the year ended December 31, 2023 and eleven months ended November 30, 2024 are RMB14,403,000 and RMB3,846,000 respectively.

(15) Share capital, paid-in capital and dividends

(i) Share capital

	Years ended December 31,		Eleven months ended November 30,	
	2023		2024	
	No. of shares	*RMB'000*	*No. of shares*	*RMB'000*
At January 1,	422,300,000	422,300	422,300,000	422,300
Issue of shares	–	–	–	–
Conversion to paid-in capital *(note)*	–	–	(422,300,000)	(422,300)
At January 1, 2023, December 31, 2023, January 1, 2024 and November 30, 2024	422,300,000	422,300	–	–

Note: Renhe Environment Technology was incorporated as a company with limited liability. In November 2021, it converted into a joint stock company with limited liability, and in June 2024, it converted back to a company with limited liability.

(ii) Paid-in capital

	RMB'000
At January 1, 2023, December 31, 2023 and January 1, 2024	–
Transfer from share capital upon conversion into a company with limited liability	422,300
At November 30, 2024	422,300

(iii) Dividends

For the year ended December 31, 2023 and the eleven months ended November 30, 2024, aggregated dividends amounting to RMB400,000,000 and nil were declared and paid by Renhe Group to its then shareholders prior to the completion of the acquisition, respectively.

(16) Material related party transactions

(i) Name and relationship with related parties

Name of party	Relationship with the Group
United Siyuan Environmental Protection	*Associate of Renhe Group*

(ii) Key management personnel remuneration

Remuneration for key management personnel of Renhe Group, including amounts paid to Renhe Environment Technology's directors as disclosed in Note 34(5), is as follows.

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	17,333	15,050
Contributions to defined contribution retirement plan	342	338
Equity-settled share-based payment expenses	13,211	3,528
	30,886	18,916

(iii) Balance with a related party

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Other receivables – United Siyuan Environmental Protection	12,485	10,936

As at the end of each reporting period, amounts due from United Siyuan Environmental Protection are non-trade in nature, repayable on demand, unsecured and with an interest rate of 4.35% per annum. These receivables are not considered individually impaired, and the ECL assessment in respect of these receivables is performed based on the ageing of the receivables.

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Other payables		
– United Siyuan Environmental Protection	1,500	1,500

As at end of each reporting period, amounts due to United Siyuan Environmental Protection are unpaid investment consideration, which is interest free and repayment by June 30, 2027.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the accounting period beginning on January 1, 2026 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	January 1, 2027
IFRS 20, *Regulatory assets and regulatory liabilities*	January 1, 2029
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information of the Group, except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to March 31, 2026.

The following is the text of a report set out on page IA-1 received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. The information set out below is the unaudited interim financial information of the Group for the six months ended June 30, 2026, and does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF 湖南軍信環保股份有限公司 HUNAN JUNXIN ENVIRONMENTAL PROTECTION CO., LTD.

Introduction

We have reviewed the interim financial information set out on pages IA-2 to IA-20 which comprises the consolidated statement of financial position of 湖南軍信環保股份有限公司 Hunan Junxin Environmental Protection Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2026 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months ended June 30, 2026 and explanatory notes (together, the "Interim Financial Information"). The directors are responsible for the preparation and presentation of the Interim Financial Information in accordance with IAS 34, *Interim financial reporting*, as issued by the International Accounting Standards Board.

Our responsibility is to form a conclusion, based on our review, on this Interim Financial Information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("HKSRE 2410"), as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information as at and for the six months ended June 30, 2026 is not prepared, in all material respects, in accordance with IAS 34, *Interim financial reporting*.

Other Matter

We draw attention to the fact that the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months ended June 30, 2025 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[●]

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2026 — UNAUDITED

(Expressed in Renminbi)

	Note	Six months ended June 30, 2026	Six months ended June 30, 2025
		RMB'000 (unaudited)	*RMB'000 (unaudited)*
Revenue	*2*	1,550,381	1,468,443
Direct costs and operating expenses		(664,233)	(662,756)
Gross profit		886,148	805,687
Other revenue	*3*	51,307	57,469
Other net (loss)/income	*4*	(176)	3,747
Administrative and selling expenses		(162,011)	(130,755)
Research and development expenses		(41,187)	(33,992)
Impairment losses under expected credit loss ("ECL") model, net of reversal		9,846	(14,981)
Profit from operations		743,927	687,175
Finance costs	*5(a)*	(68,305)	(57,251)
Share of profit of an associate		1,613	30
Profit before taxation	*5*	677,235	629,954
Income tax	*6*	(86,221)	(85,828)
Profit for the period		591,014	544,126
Attributable to:			
Equity shareholders of the Company		427,713	400,143
Non-controlling interests		163,301	143,983
Profit for the period		591,014	544,126
Other comprehensive income for the period			
Item that will be reclassified to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		(5,320)	(3,670)
Other comprehensive income for the period (after tax and reclassification adjustments)		(5,320)	(3,670)
Total comprehensive income for the period		585,694	540,456
Attributable to:			
Equity shareholders of the Company		422,393	396,473
Non-controlling interests		163,301	143,983
Total comprehensive income for the period		585,694	540,456
Earnings per share			
Basic and diluted (RMB)	*7*	0.55	0.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2026 — UNAUDITED

(Expressed in Renminbi)

	Note	As at June 30, 2026	As at December 31, 2025
		RMB'000 (unaudited)	*RMB'000*
Non-current assets			
Property, plant and equipment	*8*	1,363,541	1,300,969
Right-of-use assets		96,294	98,853
Investment properties		6,831	7,554
Intangible assets	*9*	7,424,246	7,663,161
Goodwill		145,874	145,874
Investment in an associate		–	1,971
Contract assets	*15*	19,919	–
Other financial assets	*10*	300	30,463
Prepayments, trade and other receivables	*12*	602,149	184,998
Deferred tax assets		57,240	48,664
		9,716,394	9,482,507
Current assets			
Inventories	*11*	43,555	41,473
Contract assets	*15*	22,236	26,294
Financial assets at fair value through profit or loss ("FVPL")	*10*	530,292	1,377,480
Other financial assets	*10*	385,784	459,089
Prepayments, trade and other receivables	*12*	2,162,965	1,939,201
Income tax recoverable		26,928	1,768
Restricted cash	*13*	13,564	13,448
Cash and cash equivalents	*13*	1,289,061	1,219,757
		4,474,385	5,078,510
Current liabilities			
Trade and other payables	*14*	518,602	619,436
Contract liabilities	*15*	22,019	2,625
Bank loans and other borrowings	*16*	501,354	502,887
Lease liabilities		450	440
Income tax payable		37,112	34,712
		1,079,537	1,160,100
Net current assets		3,394,848	3,918,410
Total assets less current liabilities		13,111,242	13,400,917

	Note	As at June 30, 2026	As at December 31, 2025
		RMB'000 (unaudited)	*RMB'000*
Non-current liabilities			
Other payables	*14*	11,830	24,108
Bank loans and other borrowings	*16*	2,606,721	2,505,769
Lease liabilities		7,587	7,260
Deferred income		570	–
Deferred tax liabilities		185,452	201,055
Provisions		1,111,537	1,089,420
		3,923,697	3,827,612
NET ASSETS		9,187,545	9,573,305
CAPITAL AND RESERVES			
Share capital		789,101	789,101
Reserves		6,631,803	6,961,364
Total equity attributable to equity shareholders of the Company		7,420,904	7,750,465
Non-controlling interests		1,766,641	1,822,840
TOTAL EQUITY		9,187,545	9,573,305

The accompanying notes are integral part of the interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2026 — UNAUDITED

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
(Unaudited)	*Note*	**Share capital**	**Treasury shares reserves**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026		789,101	(51,000)	4,463,026	(8,466)	268,808	2,288,996	7,750,465	1,822,840	9,573,305
Changes in equity for the six months ended June 30, 2026:										
Profit for the period		–	–	–	–	–	427,713	427,713	163,301	591,014
Other comprehensive income		–	–	–	(5,320)	–	–	(5,320)	–	(5,320)
Total comprehensive income		–	–	–	(5,320)	–	427,713	422,393	163,301	585,694
Repurchase of ordinary A shares		–	(249,006)	–	–	–	–	(249,006)	–	(249,006)
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(219,500)	(219,500)
Dividend declared and paid to the shareholders of the Company	*17*	–	–	–	–	–	(502,948)	(502,948)	–	(502,948)
Balance at June 30, 2026		789,101	(300,006)	4,463,026	(13,786)	268,808	2,213,761	7,420,904	1,766,641	9,187,545
Balance at January 1, 2025		515,626	–	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Changes in equity for the six months ended June 30, 2025:										
Profit for the period		–	–	–	–	–	400,143	400,143	143,983	544,126
Other comprehensive income		–	–	–	(3,670)	–	–	(3,670)	–	(3,670)
Total comprehensive income		–	–	–	(3,670)	–	400,143	396,473	143,983	540,456
Effect of capitalization issue		225,457	–	(225,457)	–	–	–	–	–	–
Equity-settled share-based transactions		–	–	1,062	–	–	–	1,062	52	1,114
Non-public issuance of A shares		48,018	–	696,422	–	–	–	744,440	–	744,440
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(151,000)	(151,000)
Dividend declared and paid to the shareholders of the Company	*17*	–	–	–	–	–	(507,279)	(507,279)	–	(507,279)
Balance at June 30, 2025		789,101	–	4,462,526	(3,323)	210,879	2,030,493	7,489,676	1,738,849	9,228,525

The accompanying notes are integral part of the interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026 — UNAUDITED

(Expressed in Renminbi)

	Note	Six months ended June 30, 2026	Six months ended June 30, 2025
		RMB'000 (unaudited)	*RMB'000 (unaudited)*
Operating activities			
Cash generated from operations		760,950	826,817
Income tax paid		(133,290)	(103,174)
Net cash generated from operating activities		627,660	723,643
Investing activities			
Payment for the purchase of property, plant and equipment and construction of Public-Private Partnership Projects ("PPP Projects")		(652,681)	(301,047)
Payment of purchase of financial assets at FVPL		(4,781,300)	(4,583,000)
Proceeds from disposal of an associate		2,084	–
Proceeds from repayment of loans to an associate		11,359	–
Proceeds from repayment of loans to a third party		27,620	–
Proceeds from disposal of property, plant and equipment		1,385	355
Acquisition of subsidiaries, net of cash acquired		–	(659,043)
Proceeds from maturity of Bank CDs		109,090	8,343
Proceeds from repayment of entrusted loans and interest		1,173	1,760
Proceeds from disposal of financial assets at FVPL		5,638,215	4,163,453
Net cash generated from/(used in) investing activities		356,945	(1,369,179)
Financing activities			
Proceeds from bank loans and other borrowings		335,640	292,018
Repayment of bank loans and other borrowings		(234,043)	(229,042)
Interest of bank loans and other borrowings paid		(48,310)	(37,544)
Net proceeds from issuance of new shares		–	744,440
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]
Dividends paid to non-controlling shareholders		(219,500)	(151,000)
Dividends paid to equity shareholders of the Company		(502,948)	(507,279)
Payment for repurchase of own shares		(249,006)	–
Net cash (used in)/generated from financing activities		(923,761)	110,666
Net increase/(decrease) in cash and cash equivalents		60,844	(534,870)
Cash and cash equivalents at the beginning of the period		1,219,757	1,444,006
Effect of foreign exchange rate changes		8,460	(3,053)
Cash and cash equivalents at the end of the period		1,289,061	906,083

The accompanying notes are integral part of the interim financial information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

湖南軍信環保股份有限公司 Hunan Junxin Environmental Protection Co., Ltd., hereinafter referred to as the "Company", was established in Changsha City, Hunan Province, the People's Republic of China (the "PRC") on September 22, 2011 as a limited liability company under the PRC Company Law. In April 2017, the Company was converted into a joint stock limited liability company. In April 2022, the Company's A Shares were listed on Shenzhen Stock Exchange ("the A Share Listing").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in clean waste-to-energy incineration; the treatment of various types of waste (including leachate, sludge, fly ash, solid waste, and others); the interim treatment, compression, and transfer of household waste; the collection, harmless treatment, and resource utilization of food waste.

The interim financial information has been prepared in accordance with IAS 34, *Interim financial reporting*, as issued by the International Accounting Standards Board ("IASB"). It was authorized for issue on [●].

The interim financial information has been prepared in accordance with the same basis of preparation and presentation and accounting policies adopted in the historical financial information for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 (the "Historical Financial Information") as disclosed in Appendix I to the document dated [date] (the "Document") issued by the Company.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since December 31, 2025 in the Historical Financial Information as disclosed in Appendix I to the Document. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

2 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are clean waste-to-energy incineration; the treatment of various types of waste (including leachate, sludge, fly ash, solid waste, and others); the interim treatment, compression, and transfer of household waste; the collection, harmless treatment, and resource utilization of food waste.

Revenue represents the revenue from electricity sales, waste treatment services, construction services, food waste collection, household waste interim treatment and transfer services and sales of industrial-grade mixed oil. The amount of each significant category of revenue recognized is as follows:

(i) Disaggregation of revenue

	Six months ended June 30,	
	2026	**2025**
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Revenue from contracts with customers within the scope of IFRS 15:		
Revenue from sales of electricity	484,924	409,604
Revenue from waste treatment services	513,241	496,064
– Waste incineration	214,781	194,859
– Sludge	110,235	125,976
– Sewage and leachate	61,564	42,038
– Food waste	62,811	69,525
– Flying ash	43,896	48,964
– Landfill	13,957	14,076
– Others	5,997	626
Revenue from construction services	55,582	99,079
Revenue from household waste interim treatment, and transfer services	367,793	333,392
Revenue from food waste collection	31,065	32,881
Revenue from sales of industrial-grade mixed oil	94,650	95,097
Others	1,312	512
	1,548,567	1,466,629
Revenue from other sources:		
Rental income	1,814	1,814
Total	1,550,381	1,468,443

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Revenue from contracts with customers		
Point in time	1,492,985	1,367,550
Over time	55,582	99,079
	1,548,567	1,466,629

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting period date

The aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts as at June 30, 2026 is RMB659,319,000. This amount represents revenue expected to be recognized in the future from construction contracts, sales contracts for industrial-grade mixed oil and sales of bottom ash entered into by the customers with the Group. The Group will recognize the expected revenue in future when the product is transferred or as the work is completed, which is expected to be fully transferred or completed by December 31, 2028.

(b) Segment information

The Group manages its businesses by divisions, which are organized by services lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

– Waste-to-energy project construction and operation which includes construction and operation of the waste-to-energy projects, landfill projects and related projects.

– Municipal waste interim treatment project operation which include the provision of food waste collection, household waste interim treatment and transfer services, treatment of food waste and sales of industrial-grade mixed oil.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

Segment profit represents the profit before taxation earned by each segment without allocation of central administration costs (inclusive of directors' emoluments), share of profit of an associate, interests income on bank deposits, loans to a related party and other financial assets and other net income.

Disaggregation of revenue, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended June 30, 2026		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Segment revenue	983,393	566,988	1,550,381
Segment profit	455,713	247,832	703,545
Central administration costs			(39,991)
Share of profit of an associate			1,613
Interests income on bank deposits, loans to a related party, loans to a third party and other financial assets			12,244
Other net loss			(176)
Profit before taxation			677,235

	Six months ended June 30, 2025		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Segment revenue	927,456	540,987	1,468,443
Segment profit	449,350	207,379	656,729
Central administration costs			(45,941)
Share of profit of an associate			30
Interests income on bank deposits, loan to a related party and other financial assets			15,389
Other net income			3,747
Profit before taxation			629,954

(ii) Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(iii) Geographic information

The following table sets information about the geographical location of the Group's prepayment for purchase of property, plant and equipment, property, plant and equipment, prepayment for land-use rights, right-of-use assets, investment properties, intangible assets, goodwill and investment in an associate ("Specific Non-current Assets"). The geographical location of the Specific Non-current Assets is based on (i) the physical location of the asset or where the underlying assets to be purchased are to be located, in the case of property, plant and equipment, right-of-use assets, investment properties and prepayment for purchase of other property, plant and equipment; and (ii) the location of the operation to which they are allocated, in the case of intangible assets, goodwill and investment in an associate.

	As at June 30,	As at December 31,
	2026	2025
	RMB'000 (unaudited)	*RMB'000*
Specific non-current assets		
– China	8,777,540	8,605,201
– Oversea	688,516	614,998
	9,466,056	9,220,199

The geographical location of customers is based on the location at which the services were provided. For the six months ended June 30, 2026 and 2025, majority of the Group's revenue are from PRC based on the customers' country of domicile.

(iv) Information about Major Customers

Revenue from each of the major customers, with whom transactions contributed to 10% or more of the Group's revenue, is set out below:

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Customer A *(note)*	796,862	777,655
Customer B *(note)*	432,198	407,640

Note: Revenue from all two operating segments as defined in Note 2(b).

3 OTHER REVENUE

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Interest income on bank deposits	1,787	6,052
Interest income on loan to a related party	30	197
Interest income on loan to a third party	3,414	–
Finance income from service concession arrangements	7,921	9,299
Interest income from other financial assets	7,013	9,140
Value-added tax ("VAT") refund *(note (i))*	29,697	31,494
Government grants *(note (ii))*	1,445	1,287
	51,307	57,469

Notes:

(i) VAT refund

In accordance with the relevant provisions of the "Announcement on Improving VAT Policies for Comprehensive Utilization of Resources" (Announcement No. 40 of 2021 issued by the Ministry of Finance and State Administration of Taxation), since March 1, 2022, the Group's revenue from sales of electricity, sales of industrial-grade mixed oil, and part of waste treatment services are all included in the catalog of "Value Added Tax Preferential Utilization Products and Labor Services (2022 Edition)", and therefore the value-added tax arising from such revenue is subjected to VAT refund ranging from 70% to 100% of the VAT paid.

(ii) Other government grants

Government grants other than VAT refund represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC, mainly including unconditional awards for incentive for the Group's research and development activities.

4 OTHER NET (LOSS)/INCOME

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Investment income and net fair value changes on financial assets at FVPL	9,727	6,746
Foreign exchange loss	(8,392)	(3,035)
Others	(1,511)	36
	(176)	3,747

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Note	Six months ended June 30,	
		2026	2025
		RMB'000 (unaudited)	*RMB'000 (unaudited)*
Interest on bank loans and other borrowings		50,326	43,375
Interest on lease liabilities		159	168
Unwinding of discount on provisions		17,820	16,871
Total interest expense		68,305	60,414
Less: interest expense capitalized into project operating rights under construction		–	(3,163)
		68,305	57,251

(b) Other items

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Amortization cost of intangible assets *(Note 9)*	279,956	270,788
Depreciation charge		
– owned property, plant and equipment	68,970	56,414
– investment properties	723	723
– right-of-use assets	2,730	3,964
	72,423	61,101
Auditors' remuneration	566	519
Cost of inventories	132,411	62,629
Research and development expenses *(note)*	41,187	33,992
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Note: For the six months ended June 30, 2026 research and development expenses include RMB34,516,000 (six months ended June 30, 2025: RMB30,496,000) relating to cost of inventories, staff costs and depreciation expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Current tax – PRC corporate income tax		
Provision for the period	110,410	98,600
Deferred tax		
Origination and reversal of temporary differences	(24,189)	(12,772)
	86,221	85,828

Notes:

(i) The Group's subsidiaries in Hong Kong, Kazakhstan and Mongolia did not have any assessable profits for the six months ended June 30, 2026 and 2025. The Group's subsidiary in Kyrgyzstan was qualified for a producer of electricity as stipulated under the Tax Code of the Kyrgyz Republic, and is entitled to exemption of corporate income tax from 2025 to 2029.

(ii) Taxable income for the Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the six months ended June 30, 2026 and 2025, unless otherwise specified.

(iii) The Company, Puxiang Bioenergy Co., Ltd. ("Puxiang Bioenergy") and Hunan Puxiang Environmental Protection Energy Co., Ltd. ("Puxiang Environmental Energy") were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law of the PRC, and such earnings were eligible for a tax exemption for the first year to the third year, and a 50% reduction in PRC corporate income tax for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "3+3 Tax Holiday"). The details are as follows:

- Fly ash treatment project conduced by the Company and Puxiang Environmental Energy were entitled to 3+3 Tax Holiday from January 1, 2021 to December 31, 2026;
- Hunan Pingjiang Junxin Environmental Protection Co., Ltd. ("Pingjiang Junxin") was entitled to 3+3 Tax Holiday from January 1, 2024 to December 31, 2029; and
- Hunan Liuyang Junxin Environmental Protection Co., Ltd. ("Liuyang Junxin") was entitled to 3+3 Tax Holiday from January 1, 2025 to December 31, 2030.

(iv) The Company (excluding the taxable profit from fly ash treatment project) was a qualified enterprise engaged in maintenance of environmental pollution control facilities and were eligible for a preferential tax rate of 15% from January 1, 2019 onwards.

(v) Pingjiang Junxin was a qualified enterprise engaged in maintenance of environmental pollution control facilities and were eligible for a preferential tax rate of 15% from January 1, 2023 onwards.

(vi) According to the Enterprise Income Tax Law of the PRC and its relevant regulations, entities that qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%. The details are as follows:

– Puxiang Bioenergy and Hunan Renhe Environmental Protection Technology Co., Ltd. ("Renhe Environment Protection") were qualified as a high-technology enterprises and were subject to a preferential income tax rate of 15% from 2024 to 2026; and

– Hunan Renhe Environmental Technology Co., Ltd. ("Renhe Environment Technology") was qualified as a high-technology enterprises and was subject to a preferential income tax rate of 15% from 2025 to 2027.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the six months ended June 30, 2026 is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue.

(i) Profit attributable to equity shareholders of the Company

	Six months ended June 30,	
	2026	**2025**
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Profit attributable to equity shareholders of the Company	427,713	400,143

(ii) Weighted average number of ordinary shares

	Six months ended June 30,	
	2026	**2025**
	'000 (unaudited)	*'000 (unaudited)*
Issued ordinary shares at January 1	789,101	515,626
Effect of issuance of ordinary shares	–	40,015
Effect of treasury shares	(12,487)	–
Effect of capitalization issues	–	222,256
Weighted average number of ordinary shares at June 30	776,614	777,897

(b) Diluted earnings per share

During the six months ended June 30, 2026 and 2025, there were no dilutive potential ordinary shares issued. Therefore, diluted earnings per share were the same as basic earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the six months ended June 30, 2026, the Group acquired items of property, plant and equipment with a cost of RMB151,080,000 (six months ended June 30, 2025: RMB234,059,000). Items of property, plant and equipment with a net book value of RMB1,562,000 (six months ended June 30, 2025: RMB817,000) were disposed of during the six months ended June 30,2026, resulting in net losses on disposal of RMB514,000 (six months ended June 30, 2025: RMB354,000)

During the six months ended June 30, 2026, the Group entered into a number of lease agreements for use of automobile, and therefore recognized the additions to right-of-use assets of RMB170,000 (six months ended June 30, 2025: nil).

9 INTANGIBLE ASSETS

During the six months ended June 30, 2026, the amortization of the Group's intangible assets leads to reduction to carrying value of intangible assets of RMB279,956,000 (six months ended June 30, 2025: RMB270,788,000).

10 FINANCIAL ASSETS AT FVPL AND OTHER FINANCIAL ASSETS

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Financial assets at FVPL		
– Structured deposits *(note (i))*	530,292	1,377,480
Other financial assets		
Financial assets at FVOCI (non-recycling):		
– Investment in unlisted equity	300	300
Financial assets at amortized cost:		
– Entrusted loans *(note (ii))*	60,098	60,163
– Bank CDs *(note (iii))*	325,686	429,089
Less: Non-current portion		
– Investment in unlisted equity	(300)	(300)
– Entrusted loans *(note (ii))*	–	(30,163)
Current portion	385,784	459,089

Notes:

(i) Structured deposits

The structured deposits are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, mainly including foreign exchanges, bonds, debentures and other financial assets.

(ii) Entrusted loans

The entrusted loan is provided to a third party, with a variable interest rate of 1-year LPR plus 40 basis points. The principal is to be repaid in equal instalments over five years, with RMB30 million due respectively on July 21, 2023, July 22, 2024, July 21, 2025, July 21, 2026, and March 21, 2027, respectively. This loan is guaranteed by state-owned entity which is a government-affiliated entity.

(iii) Bank CDs

Bank CDs are all financial instruments issued by banks with fixed terms of 3 years and interest rates of 2.90% as at June 30, 2026 (December 31, 2025: 2.90% to 3.00% per annum). The Group manages these CDs to hold until their respective maturities to receive the associated contractual cash flows.

11 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprises:

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Raw materials	42,970	40,946
Finished goods	301	217
Other materials	284	310
	43,555	41,473

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Carrying amount of inventories recognized as cost of sales	121,818	54,043
Carrying amount of inventories recognized as research and development expenses	10,593	8,586
	132,411	62,629

12 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Trade receivables	2,075,641	1,820,215
Less: loss allowance	(81,527)	(61,634)
	1,994,114	1,758,581
Receivables arising from service concession arrangements	192,959	202,120
Prepayments	445,953	14,498
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT recoverable	114,092	130,070
Loan to a related party	–	6,540
Other receivables and deposits	2,621	2,627
Less: loss allowance for other receivables	(52)	(3,438)
	2,765,114	2,124,199
Less: Non-current portion		
– Receivables arising from service concession arrangements	(172,879)	(183,181)
– Prepayment for non-current assets	(429,270)	(1,817)
Current portion	2,162,965	1,939,201

Notes:

(i) Prepayments mainly represent prepayments for non-current assets, electricity and fuel expense.

(ii) All of the current portion of trade and other receivables are expected to be recovered or recognized as expense within one year or are recovered on demand.

(iii) Receivables arising from service concession arrangements, were mainly arose from the unconditional right to receive cash from the grantor in respect of waste treatment service in Landfill of Changsha Project.

(iv) During the six months ended June 30, 2026, Renhe Group recovered loans to an associate and a third party with principals amounted to RMB9,000,000 and RMB20,000,000, respectively, related interests and penalty for breach of contacts aggregated to RMB2,359,000 and RMB7,620,000, respectively. The principal amounts of loans to a third party were fully impaired and RMB4,886,000 impairment losses have been recognized for loans to an associate in prior years. The recovery of the principal of the loans resulted in a reversal of ECL of RMB24,886,000 in the consolidated statements of profit or loss and other comprehensive income.

The ageing analysis of trade receivables net off loss allowance, based on the revenue recognition date, is as follows:

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Within 1 year	1,643,642	1,528,018
1 to 2 years	347,606	227,558
2 to 3 years	1,196	1,193
3 to 4 years	1,575	1,812
4 to 5 years	95	–
	1,994,114	1,758,581

13 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents comprise:

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Cash at bank and in hand	1,289,061	1,219,757

(b) Restricted cash

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Guarantee deposits	13,564	13,448

Note: The restricted deposits for the Group mainly represented the guaranteed deposits made as a security to the letter of credit issued by banks, which provided to the customer of the Group to guarantee the fulfillment of certain performance obligation.

14 TRADE AND OTHER PAYABLES

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Trade payables		
– Equipment and construction	281,882	332,160
– Others	71,846	101,673
	353,728	433,833
Other taxes payable	28,539	16,190
Payroll payables	52,207	85,548
Deposits from suppliers	28,467	30,138
Payable for Build-Operate-Transfer ("BOT") project investment *(note)*	50,578	50,578
Acquisition payables	2,000	2,000
Amount due to an associate	–	1,500
Others	14,913	23,757
	530,432	643,544
Less: Non-current portion		
– Amount due to an associate	–	(1,500)
– Others	(11,830)	(22,608)
Current portion	518,602	619,436

Note: Payable for BOT project investment was arised from the difference between the actual construction costs and the budgeted costs as agreed between the Group and the grantor of one of the BOT projects. Pursuant to the relevant agreement, the Group is obligated to refund the shortfall upon demand.

As at the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Within 1 year	262,930	354,651
1 to 2 years	79,886	69,305
2 to 3 years	1,280	283
3 to 4 years	276	708
4 to 5 years	2,607	3,293
Over 5 years	6,749	5,593
	353,728	433,833

15 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Contract assets:		
Service concession assets *(note (a))*	19,919	–
Other contract assets *(note (b))*	23,664	27,678
Less: loss allowance on contract assets	(1,428)	(1,384)
	42,155	26,294
Less: Non-current portion		
– Service concession assets *(note (a))*	(19,919)	–
Current portion	22,236	26,294

Notes:

(a) Service concession assets are amounts of RMB19,919,000 which are related to the construction services under BOT. "Service concession assets" arose from the Group's revenue from construction services under BOT arrangements.

Pursuant to the BOT arrangements, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will be transferred to debtors.

(b) Other contract assets are the taxes and administrative charges incurred during the project operation that are not contemplated in the concession contracts.

Contract liabilities

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Receipts in advance	22,019	2,625

16 BANK LOANS AND OTHER BORROWINGS

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Unsecured loans		
– RMB denominated *(note (i))*	436,036	241,742
– Japanese Yen ("JPY") denominated *(note (iii))*	25,627	27,214
Secured bank loans		
– RMB denominated *(note (ii))*	2,646,412	2,739,700
	3,108,075	3,008,656
Less: current portion of bank loans and other borrowings	(501,354)	(502,887)
	2,606,721	2,505,769

Notes:

(i) As at June 30, 2026, RMB denominated unsecured bank loans bore effective interest rates ranging from 0.65% to 2.50% per annum (December 31, 2025: 0.65% to 2.50% per annum).

(ii) As at June 30, 2026, RMB denominated secured bank loans are pledged by certain plant, property and equipment and/or pledged by concession rights and/or underlying future income or receivables, bore effective interest rates ranging from 2.40% to 2.75% per annum (December 31, 2025:2.35% to 3.65% per annum). As at June 30, 2026, the balances of bank loans and other borrowings were guaranteed by related parties were RMB853,386,000 (December 31, 2025: RMB989,845,000).

(iii) As at June 30, 2026, JPY denominated unsecured other borrowing bore effective interest rates of 0.65% per annum (December 31, 2025: 0.65% per annum).

(iv) Certain loans were subject to the fulfillment of certain financial covenants of the Group or certain subsidiaries. As at June 30, 2026, the Group was in compliance with these financial covenants.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Cash dividends

	Six months ended June 30,	
	2026	**2025**
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Ordinary A shares		
Final dividends in respect of the previous year, declared and paid during the period (tax inclusive)	502,948	507,279
	502,948	507,279

On April 21, 2026, the final dividend of RMB6.53 per 10 shares (tax inclusive) in respect of the year ended December 31, 2025 were approved by the Annual General Meeting of the Company totaled to RMB502,948,000, and was fully paid subsequently.

(b) Treasury shares

During the six months ended June 30, 2026 and 2025, the Company repurchased its own ordinary A shares as follows:

	As at June 30,	As at June 30,
	2026	**2025**
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
At the beginning of the period	51,000	–
Repurchase of own shares	249,006	–
At the end of the period	300,006	–

The Company repurchased 15,286,131 shares in total, on the Shenzhen Stock Exchange for an aggregate consideration of RMB249,006,000 during the six months ended June 30, 2026 (six months ended June 30, 2025: Nil). The details of repurchase information are as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregated price paid
		RMB	*RMB*	*RMB'000*
February 2026	7,442,351	16.10	13.86	118,267
March 2026	7,843,780	17.38	13.86	130,739

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting date:

	Fair value at June 30, 2026	Fair value measurements as at June 30, 2026 categorized into		
		Level 1	Level 2	Level 3
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	530,292	–	530,292	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at December 31, 2025	Fair value measurements as at December 31, 2025 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	1,377,480	–	1,377,480	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

During the six months ended June 30, 2026, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by the net asset value of the products published by the issuing banks on the balance sheet date.

Information about Level 3 fair value measurement

Below is the valuation technique and significant unobservable input to the valuation of investment in unlisted equity at June 30, 2026.

	Valuation technique	Significant Unobservable input
Investment in unlisted equity	Market approach	Price book value ratio

As at June 30, 2026, it is estimated that the volatility on significant unboservable inputs used in the fair value measurement would not have material impact on fair value of investment in unlisted equity.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost approximate their fair values at the end of each reporting period.

19 COMMITMENTS

Commitments outstanding at June 30, 2026 not provided for in the financial statements were as follows:

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Capital commitments outstanding in connection with the Group's construction contracts:		
Authorized and contracted	3,100,065	169,075
Authorized but not contracted	2,880,696	3,635,219
	5,980,761	3,804,294

20 MATERIAL RELATED PARTY TRANSACTION

(a) Balance with related party

	As at June 30, 2026	As at December 31, 2025
	Net amount	Net amount
	RMB'000 (unaudited)	*RMB'000*
Other receivables		
– Siyuan Environmental Protection New Energy Co., Ltd. ("United Siyuan Environmental Protection")	–	3,583

As at December 31, 2025, amounts due from United Siyuan Environmental Protection are non-trade in nature, repayable on demand, unsecured and with an interest rate of 4.35% per annum. These receivables are not considered individually impaired, and the ECL assessment in respect of these receivables is performed based on the ageing of the receivables. As described in Note 12, the amount due from United Siyuan Environmental Protection was fully settled during the six months ended June 30, 2026.

	As at June 30, 2026	As at December 31, 2025
	RMB'000 (unaudited)	*RMB'000*
Other payables		
– United Siyuan Environmental Protection	–	1,500

As at December 31, 2025, amounts due to United Siyuan Environmental Protection are unpaid investment consideration, which is interest free. During the six months ended June 30, 2026, the Group disposed its interest in United Siyuan Environmental Protection together with its amount due to United Siyuan Environmental Protection.

21 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There is no significant non-adjusting event after June 30, 2026.

22 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding party of the Company as at June 30, 2026 was Hunan Junxin Environmental Group Co., Ltd., ("Junxin Group").

The ultimate controlling party of the Company was Mr. Dai Daoguo, Ms. Li Xiaochun, Junxin Group and Daoxin Investment.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account, some of which may be subject to special provisions. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC (including Hong Kong) taxation other than income tax, capital appreciation and profits tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC (including Hong Kong) and other tax consequences of [**REDACTED**] and [**REDACTED**] of H Shares.

The PRC taxation

Taxation on Dividends

Individual Investors

Under the provisions of the Individual Income Tax Law of the PRC, last amended on August 31, 2018, and the Regulations on Implementation of the Individual Income Tax Law of the PRC, last amended on December 18, 2018 (collectively referred to as the "**IIT Law**"), dividends disbursed by Chinese enterprises are subject to a flat individual income tax rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies jointly issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits, which came into effect on 1 January 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and need to claim such benefits shall complete an "Information Report on Non-resident Taxpayers Claiming Treaty Benefits" truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends

paid by a PRC company to Hong Kong residents, including both natural persons and legal entities. The tax levied shall not exceed 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company and meets certain conditions as the beneficial owner of the equity, the tax imposed shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, in effect since December 6, 2019, introduces specific criteria determining entitlement to treaty benefits. According to this protocol, treaty benefits will not be granted if, upon careful consideration of all relevant facts and conditions, it is reasonably determined that obtaining these benefits was a primary purpose of the arrangement or transactions, thereby providing direct or indirect benefits under the Arrangement. Exceptions are made when such benefits align with the Arrangement's relevant objectives and goals.

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential in determining the taxation applicable to dividends under the Arrangement.

Enterprise Investors

Pursuant to the provisions outlined in the PRC Enterprise Income Tax Law, enacted by the National People's Congress of the PRC (NPC) on March 16, 2007, and enforced from January 1, 2008, subsequently amended on February 24, 2017, and December 29, 2018, and in alignment with the Implementation Provisions of the Enterprise Income Tax Law of the PRC, promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, last amended on December 6, 2024 and effective on January 20, 2025 (collectively referred to as the "**EIT Law**"), it is established that a non-resident enterprise is generally liable to a 10% enterprise income tax on income sourced within the PRC. Such income includes dividends and bonuses received from a PRC resident enterprise. This taxation applies to non-resident enterprises that lack a physical establishment or premises in the PRC. Alternatively, if an establishment or premise exists within the PRC, but the PRC-sourced income is unrelated to said establishment or premise, it is subject to the aforementioned taxation.

The withholding tax for non-resident enterprises is mandated to be deducted at the source, whereby the entity making the payment assumes the role of the withholding agent. Consequently, the withholding agent is obligated to withhold the income tax from the payment or due payment each time it is disbursed or becomes due.

The Circular of the State Taxation Administration (STA) on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897), which was issued by the STA and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (Guo Shui Han [2009] No. 394) which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with relevant jurisdictions, where applicable. Accordingly, dividends paid to non-PRC resident enterprise (including HKSCC Nominees) shall be subject to withholding enterprise income tax at a rate of 10%.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the PRC Government is authorized to impose taxes on dividends disbursed by a PRC company to Hong Kong residents, including both individuals and legal entities, not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax shall not surpass 5% of the total dividends if the Hong Kong resident qualifies as the beneficial owner of the equity, and specific conditions are met.

Furthermore, the Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, introduces additional criteria for qualifying for treaty benefits. While other provisions may exist within the Arrangement, treaty benefits shall not be granted for relevant gains if, based on all relevant facts and conditions, it is reasonably determined that one of the main purposes of the arrangement or transactions, which result in direct or indirect benefits under the Arrangement, is to obtain such treaty benefits. This exception applies unless the grant of benefits aligns with the objectives and goals outlined in the Arrangement.

It is important to note that the application of the dividend clause of tax agreements is contingent upon compliance with PRC tax laws and regulations, including the guidelines provided in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-resident investors residing in jurisdictions that have established treaties or arrangements for the avoidance of double taxation with the PRC may qualify for a reduction in the PRC enterprise income tax levied on dividends received from PRC companies. Currently, the PRC has entered into Avoidance of Double Taxation Treaties or Arrangements with several countries and regions, including the Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Non-PRC resident enterprises eligible for preferential tax rates under these relevant taxation treaties or arrangements are required to submit an application to the PRC tax authorities for a refund of the enterprise income tax that exceeds the agreed tax rate. The approval of the refund application is subject to the evaluation and decision of the PRC tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (Cai Shui [2016] No. 36) (referred to as "Circular 36"), effective from May 1, 2016, and subsequently amended on July 11, 2017, December 25, 2017, and March 20, 2019, individuals and entities conducting service transactions within the PRC are obligated to pay Value-Added Tax (VAT). "Sales of services within the PRC" are defined as transactions where either the service provider or the recipient is situated within the PRC.

Furthermore, Circular 36 specifies that the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance (MOF) and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the EIT Law, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments.

The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

In compliance with the PRC Stamp Duty Law, as issued by the SCNPC on June 10, 2021, and enforced from July 1, 2022 (referred to as the "**Stamp Duty Law**"), all entities and individuals involved in securities transactions within the PRC are obligated to pay stamp duty as per the regulations outlined in the Stamp Duty Law. Consequently, the stipulations concerning stamp duty applied to the transfer of shares of PRC-listed companies do not extend to the transfer and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

Major taxes on the Company in the PRC please refer to the section headed "Regulatory Overview" of this Document.

Taxation in Hong Kong

Tax on dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by our company.

Profit tax

No profit tax is imposed in Hong Kong in respect of the sale of H shares. However, trading profits from the sale of the H shares by persons carrying on any industry, profession or business in Hong Kong, where such profits are derived from or arise in Hong Kong from such industry, profession or business will be subject to Hong Kong profits tax. Trading profits from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading profits from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong. The trading profits from sales of the H shares for certain categories of taxpayers are likely to be regarded as deriving trading profits rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Shareholders should take advice from their own professional advisers as to their particular tax position.

Currently, the profit tax rate for the first HK$2 million of assessable profits of an incorporated company is 8.25%, and profits above such amount is subject to a tax rate of 16.5%. The profit tax rate for the first HK$2 million of assessable profits of an unincorporated company is 7.5%, and profits above such amount is subject to a tax rate of 15%.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

AFRC transaction levy

The AFRC transaction levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from January 1, 2022, which will be regarded as one of the transaction costs.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

FOREIGN EXCHANGE

Foreign exchange

The lawful currency of the PRC is Renminbi. SAFE, with the authorization of the People's Bank of China (hereinafter referred to as "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

The Foreign Exchange Administration Regulations of the PRC (the "**Foreign Exchange Control Regulations**"), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange, which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Related Issues of Fund Management of Domestic Enterprises Listed Overseas, which came into force on April 1, 2026, funds raised by domestic enterprises through overseas listing shall in principle be repatriated to China in a timely manner. Where such funds are retained overseas for outbound direct investment, outbound securities investment, overseas lending and other businesses, the enterprise shall obtain approval or filing documents from the competent authorities prior to the completion of the overseas listing offering or over-allotment, and comply with the relevant provisions on cross-border capital management.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

In accordance with the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors, which was promulgated on 10 May 2013 with effect from 13 May 2013, amended on 10 October 2018 and partially abolished on 30 December 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (the "**SAFE Circular No. 19**"), promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on 30 December 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been onlent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice on Further Facilitating Cross-Board Trade and Investment (the "**SAFE Circular No. 28**"), which was promulgated on October 23, 2019, and came into effect on the same day and partially amended on December 4, 2023, the restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises was cancelled. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and CWUMPO and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential [**REDACTED**]. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Overview" in this Document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the "**Legislation Law**," lastly amended by NPC on March 13, 2023 and effective on March 15, 2023, the NPC and the Standing Committee of NPC ("**SCNPC**") are empowered to exercise the legislative power of the PRC government. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to amend or annul any inappropriate laws formulated by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) lastly amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people' courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People' Court shall be the highest judicial organ of the

state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-instance trial system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the president of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law, or the "**Civil Procedure Law**" lastly amended by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the mainland China must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a lawyer from Mainland China if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the mainland China, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties involved must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for

enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the mainland China or whose property is not within the mainland China, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the mainland China enforcement procedures if the mainland China has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the mainland China, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in mainland China seeking a [**REDACTED**] on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of Mainland China.

The Company Law was lastly revised on December 29, 2023 and came into effect on July 1, 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023 and were applicable to the direct and indirect overseas offering and listing of PRC domestic companies' securities. According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the "**Guidelines for Articles of Association**", which was lastly amended by the CSRC and came into effect on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to the Company.

General provisions

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the Mainland China.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property right, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information:

(i) the name and domicile of each shareholder;

(ii) the class and number of shares subscribed for by each shareholder;

(iii) the serial number of shares if issued in paper form; and

(iv) the date on which each shareholder acquired the shares.

Allotment and issue of shares

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. A joint stock limited company may issue shares at a par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholders information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer itself shall file with the CSRC.

Increase of share capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders,

if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of share capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of shares

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of the Company held by a company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholders' meeting or five days prior to the record date for a company's distribution of dividends. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and the Articles of Association Guidelines, the rights of shareholders of a joint stock limited company include:

(i) the right to attend or appoint a proxy to attend general meetings and to vote thereat;

(ii) the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

(iii) the right to inspect the Company's articles of association, share register, counterfoil of Company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports and to make proposals or enquiries on the Company's operations;

(iv) the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;

(v) the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;

(vi) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the residual properties of the Company in proportion to the number of shares held; and

(vii) other rights granted by laws, administrative regulations, other regulatory documents and the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the Company's articles of association.

Shareholders' meeting

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds;

(vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(vii) to amend the company's articles of association;

(viii) other functions and powers specified in provision of the company's articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An interim shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the board of directors;

(iv) the supervisory committee proposes to convene the meeting;

(v) other circumstances as stipulated in the articles of association.

Shareholders' meeting shall be convened by the board of directors and presided over by the chairperson of the board of directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board should convene and preside over shareholders' meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of interim meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of offices hall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers:

(i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for cake, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(ix) to formulate a company's basic management system;

(x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) a person who was legal representative of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and convene and preside over board meetings; (ii) to examine the implementation of resolutions of the board of directors; and (iii) to exercise other powers conferred by the board of directors.

The audit committee

Under the Company Law, where a joint stock limited company does not have the board of supervisor, the audit committee shall be composed of at least three members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the Company Law. A company may set up other committees in the board of directors under the articles of association.

Manager and senior management

Pursuant to the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with.

The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of directors, supervisors and senior management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. The directors, supervisors and senior management are prohibited from:

(i) embezzling the property of the company and misappropriating the funds of the company;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) taking advantage of power to accept bribes or other illegal income;

(iv) accepting and possessing commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company;

(vi) other acts in violation of the duty of loyalty to the company.

Where directors, supervisors and senior management who directly or indirectly contract or conduct a transaction with the company shall report to the board of directors or the shareholders' meeting on matters related to the contracting or conducting the transaction, and seek approval by resolution of the board of directors or the shareholders' meeting in accordance with the company's bylaw. If the close relatives of directors, supervisors, and senior management, enterprises under direct or indirect control of directors, supervisors, senior management, or their close relatives, and affiliates in any other affiliation relationship with directors, supervisors, and senior management contract or conduct transactions with the company, the provisions of the preceding paragraph shall report to the board of directors or the shareholders' meeting on matters related to the contracting or conducting the transaction, and seek approval by resolution of the board of directors or the shareholders' meeting in accordance with the company's articles of association.

Directors, supervisors and senior management shall not take advantage of his position to take a business opportunity belonging to the company for himself or another person, except under any of the following circumstances:

(i) which has been reported to the board of directors or the shareholders' meeting and received approval by resolution of the board of directors or the shareholders' meeting according to the company's articles of association;

(ii) the company is unable to take the business opportunity according to laws, administrative regulations, or the company's articles of association.

Directors, supervisors and senior management shall not conduct the same kind of business as the company on his own account or on the account of another person, without reporting to the board of directors or the shareholders' meeting, without approval by resolution of the board of directors or the shareholders' meeting according to the company's articles of association.

Directors, supervisors and senior management who contravene any law, regulation or the company's articles of association in the performance of his/her duties and result in any loss to the company shall be personally liable to the company.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the board of supervisors and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

Under the Company Law, a joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and retirement of accounting firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

According to the Guidelines for Articles of Association, the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports. The audit fee of an accounting firm shall be decided by the shareholders' meeting.

Distribution of profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In the event of a company registration, the amendments to the articles of association shall be registered with the relevant registration authorities.

Pursuant to the Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances: (i) where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended; (ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and (iii) where the shareholders' general meeting decides to amend the articles of association.

Dissolution and liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within 10 days.

Where the company is dissolved in accordance with item (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders

present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration

through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas listing

According to the Overseas Listing Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within three working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of Article 16 of the Overseas Listing Trial Measures.

Loss of share certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and termination of listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within three working days from the date of occurrence and announcement of the relevant matters.

Merger and demerger

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND REGULATIONS

The Securities Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, the duties and responsibilities of securities exchanges, securities companies and securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the [**REDACTED**] and [**REDACTED**] of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

According to the Securities Law of the PRC (2019 Revision) (《中華人民共和國證券法(2019修訂)》) and the Administrative Measures on Acquisition of Listed Companies (《上市公司收購管理辦法》), where the shares held by an investor (including an overseas investor) through securities transactions on a stock exchange or jointly with others through an agreement or other arrangements attain 5% of the issued voting rights shares (including A-shares and H-shares) of a listed company, the investor shall submit a written report to the CSRC and SZSE within three days, notify the listed company and make an announcement. Whenever the investor's shares with voting rights in the said listed company are increased or reduced by 1%, the investor shall notify the listed company on the day following such occurrence, and make an announcement.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the Arbitration Law, last amended by the SCNPC on September 12, 2025 and effective on March 1, 2026, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people's court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for

recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

This Appendix mainly provides [**REDACTED**] with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to potential [**REDACTED**].

ISSUANCE OF SHARES

The shares of the Company shall be issued in an open, fair, and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase of shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital by the following ways upon approval of resolutions at the Shareholders' meetings:

(i) issuing shares to unspecified parties;

(ii) issuing shares to specific targets;

(iii) distribution of bonus shares to existing shareholders;

(iv) converting the reserve funds into share capital;

(v) other means approved by the laws, administrative regulations or approved by the CSRC and other securities regulatory bodies in the places where the shares of the company are listed.

The Company may decrease the registered share capital and shall comply with the procedures stipulated in Company Law of the PRC and other regulations, the Articles of Association.

Repurchase of shares

The Company shall not repurchase its own shares, unless otherwise under the circumstances:

(i) reducing the Company's registered share capital;

(ii) merging with other companies which hold our shares;

(iii) using the shares as an employee stock ownership plan or equity incentive plan;

(iv) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' meeting upon their request;

(v) use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) necessary for the Company to maintain its value and protect the interests of the Shareholders.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading at stock exchange or by way of offer. A resolution shall be passed at the Shareholders' meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in

(iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the directors attending the Board meeting in accordance with the applicable securities regulatory rules of the place where the Company's shares are [**REDACTED**].

After the Company has repurchased its own shares in accordance with the circumstances above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

Transfer of shares

Shares of the Company shall be transferred in accordance with the laws.

The directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are [**REDACTED**]. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are [**REDACTED**] provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares or other securities with the equity nature by the directors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the securities regulatory authority of the State Council.

Shares or other securities with the nature of equity held by directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts. If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the Shareholders are entitled to request the Board of Directors to do so within 30 days.

If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The original register of Shareholders of H shares is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are [**REDACTED**]. Any person who is a shareholder registered on the register of shareholders of H shares or who requests his/her/its name be entered in the register of shareholders of H shares may, if his/her/its share certificate relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares. Application by a holder of overseas [**REDACTED**] shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of overseas [**REDACTED**] shares is maintained, the rules of the stock exchange or other relevant regulations.

The rights of our shareholders are as follows:

(i) to receive dividends and other forms of interest distribution according to the number of shares held;

(ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders' meeting and exercise corresponding voting rights;

(iii) to supervise operational activities of the Company, provide suggestions or submit queries;

(iv) to transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) to read and copy the Articles of Association, the register of shareholders, Shareholders' meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports; qualified shareholders may inspect the Company's accounting books and accounting vouchers;

(vi) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon our termination or liquidation;

(vii) to require the Company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;

(viii) other rights conferred by laws, administrative regulations, regulations of the authorities, securities regulatory rules where the Company's shares are listed, or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall comply with the provisions of the Securities Law and related laws and administrative regulations, and shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

In the event that any resolution of the Shareholders' meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders' meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon

the resolution was adopted, except where the procedures for convening a meeting of the Shareholders' meeting or the Board meeting or the voting method only has some minor defects, which produces no substantial effect on the resolution.

The obligations of Shareholders are as follows:

(i) to abide by laws, administrative regulations and the Articles of Association;

(ii) to provide Share capital according to the Shares subscribed for and Share participation methods;

(iii) not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;

(iv) not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) other obligations conferred by laws, administrative regulations, securities regulatory rules where the Company's shares are listed, or the Articles of Association.

Any company Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

General provisions for Shareholders' meetings

The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with applicable laws and regulations:

(i) to elect or remove the directors and to decide on matters relating to the remuneration of directors;

(ii) to examine and approve reports of the Board of Directors;

(iii) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) to decide on any increase or decrease of the Company's registered capital;

(v) to decide on the issue of corporate bonds by the Company;

(vi) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) resolution on appointment and dismissal of an accounting firm by the Company;

(ix) to examine and approve the provision of guarantees stipulated in Article 44;

(x) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xi) to examine and approve matters relating to changes in the use of proceeds;

(xii) to examine and approve the equity incentive plans and employee stock ownership plans;

(xiii) to examine other matters as required by the laws, administrative regulations, departmental rules, the Articles of Association of the Company or the securities regulatory rules of the place where the Company's shares are listed, which shall be decided by the Shareholders' meeting.

The shareholders' meeting may authorize the Board of Directors to make resolutions on issuance of bonds by the Company. Unless otherwise provided for by laws, administrative regulations or the provisions of the CSRC or the rules of stock exchanges, the aforesaid powers of the Shareholders' meeting shall not be exercised by the Board of Directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee of the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

(i) the single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 50% of the Company's net assets as audited in the latest period;

(iii) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(iv) based on the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 50% of the Company's audited net assets in the latest period and the absolute amount exceeds RMB50 million;

(v) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 30% of the Company's total assets as audited in the latest period;

(vi) based on the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(vii) the guarantee to be provided to a Shareholder, or to an ultimate controller or related party thereof;

(viii) other guarantees required by the relevant laws or administrative regulations and the securities regulatory rules in the jurisdiction where the shares of the Company are listed or the Articles of Association.

The Company may provide guarantees for wholly-owned subsidiaries, or for controlled subsidiaries where other shareholders of the controlled subsidiary provide guarantees in proportion to their equity interests, such guarantees may be exempt from submission for review by the Shareholders' meeting if they fall under items (i), (ii), (iii) or (iv) above. When the Shareholders' meeting reviews the guarantee matters mentioned in item (vi) of the preceding paragraph, approval must be obtained from more than two-thirds of the voting rights held by the shareholders present at the meeting.

The Shareholders' meetings are divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary Shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) the uncovered losses of the Company reach one-third of its total paid-in share capital;

(iii) the Shareholders with 10% or more shares of the Company separately or jointly request;

(iv) the Board of Directors considers it necessary;

(v) the Audit Committee proposes that such a meeting shall be held;

(vi) other circumstances conferred by the laws, administrative regulations, regulations of the authorities, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

In the event that an extraordinary general meeting is convened at the request of the securities regulatory rules of the place where the shares of the Company are listed, the effective date of the extraordinary general meeting may be adjusted in accordance with the clearance progress of the stock exchange where the Company's shares are listed.

Convening of Shareholders' meetings

The Shareholders' meeting shall be convened by the Board of Directors, which shall convene the Shareholders' meeting within the time limit specified in the Company's Articles of Association.

After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after making the board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, it shall state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the Company's shares have the right to request the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholder' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit such request in writing to the Audit Committee. If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders. If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders' meeting. In such cases, shareholders who individually or collectively hold more than 10% of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

Proposals and notice of Shareholders' meeting

The Company may convene a Shareholders' meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the Company's shares, have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the Company's Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The Shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the Shareholders' meeting or that do not comply with the provisions of the Company's Articles of Association. The convener shall notify each Shareholder by announcement at least 21 days before the annual Shareholders' meeting, and at least 15 days before the extraordinary Shareholders' meeting.

The notice of a Shareholders' meeting includes the following:

(i) the time, place and duration of the meeting;

(ii) the matters and proposals to be discussed at the meeting;

(iii) in plain language: all Shareholders have the right to attend the meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(iv) the shareholding registration date of the Shareholders entitled to attend the meeting;

(v) name and telephone number of the permanent contact person for conference affairs;

(vi) timing and Procedures of Voting by Internet and Otherwise.

After the Shareholders' meeting notice has been issued, the meeting should not be postponed or canceled without a valid reason, and the proposals listed in the notice should not be canceled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two trading days before the originally scheduled date. If the securities regulatory rules of the place where the Company's shares is listed have special provisions regarding the procedures for postponing or canceling a Shareholders' meeting, these provisions shall be followed, provided that they do not violate the regulatory requirements of the domestic jurisdiction.

Convening of Shareholders' meeting

All Shareholders or their proxies registered on the record date for equity registration shall be entitled to attend the Shareholders' meeting. They shall have the right to speak and exercise voting rights at the meeting in accordance with relevant laws, regulations, and the Company's Articles of Association. Shareholders may attend the Shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

The Shareholders' meeting shall be presided over by the chairman of the Board. If the chairman is unable or fails to perform his duties, one director shall be elected by a majority of the directors to preside over the meeting.

If the Shareholders' meeting is convened by the Audit Committee, it shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee, is unable or fails to perform his duties, one Audit Committee member shall be elected by a majority of the Audit Committee, to preside over the meeting. If the Shareholders' meeting is convened by the Shareholders themselves, a representative shall be elected by the conveners to preside over the meeting. If the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the shareholders present and entitled to vote, the Shareholders' meeting may elect one person to serve as the presiding officer to continue the meeting.

The Company shall establish rules of procedure for the Shareholders' meeting, which shall detail the procedures for convening and voting at the Shareholders' meeting, including notification, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, record-keeping and signing, and announcement. The rules shall also specify the principles and specific content of the authorization granted by the Shareholders' meeting to the Board of Directors. The rules of procedure for the Shareholders' meeting shall be an appendix to the Company's Articles of Association, drafted by the Board of Directors, and approved by the Shareholders' meeting.

Voting at the Shareholders' meeting

The resolutions of the Shareholders' meeting divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' meeting shall be passed by more than half of the voting rights held by the Shareholders present at the Shareholders' meeting (including proxies). A special resolution at a Shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting (including proxies).

The resolution of the Shareholders' meeting includes ordinary resolution and special resolution. The following matters shall be approved by the Shareholders' meeting through ordinary resolutions:

(i) work report of the Board of Directors;

(ii) plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(iii) appointment or dismissal of the members of the Board of Directors, and their payment and payment methods;

(iv) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders' meeting:

(i) the increase or reduction of the registered capital of the Company;

(ii) the division, merger, dissolution and liquidation of the Company or change of company form;

(iii) any amendment to the Articles of Association;

(iv) spin-off and the listing of the Company's subsidiary;

(v) purchase or sale of significant assets within a year which exceeds 30% of the Company's audited total assets for the latest period;

(vi) share option incentive plan;

(vii) issuance of shares, convertible bonds, preferred shares and other securities recognized by the CSRC;

(viii) repurchase of shares for reduction of registered capital;

(ix) major asset reorganization;

(x) the Company's Shareholders' meeting resolves to voluntarily withdraw its shares from being listed and traded on the stock exchange, and decides not to trade on the relevant stock exchange or to apply for trading or transfer on other trading exchange instead;

(xi) other matters which the Shareholders' meeting may, by ordinary resolution, determine that will have a material impact on the Company and which require the adoption of a special resolution;

(xii) other matters as required by the laws, administrative regulations, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and matters approved by ordinary resolution of the Shareholders' meeting which are believed could materially affect the Company and need to be approved by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors' term of office shall be three years. Upon expiration of the term, the director may be re-elected. Director can be senior management personnel. However, provided that the total number of directors who concurrently serve as senior management members shall not exceed half of the total number of directors of the Company.

The directors shall abide by laws, administrative regulations and the Articles of Association, and bear fiduciary obligations towards the Company:

(i) shall not misappropriate the properties or the funds of the Company;

(ii) the assets of the Company shall not be deposited in any personal account;

(iii) shall not abuse their authority to accept bribes or other illegal income;

(iv) shall not conclude any contract or engage in any transaction with the Company without reporting to the Board or the Shareholders' meeting and obtaining the approval of Shareholders' meeting or the Board of Directors according to the Articles of Association;

(v) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company either for their own account or for the account of any other person, except when such business opportunities have been reported to the Board or the Shareholders' meeting and approved by Shareholders' meeting, or where the Company cannot use such business opportunities in accordance with the law, administrative regulations or the Articles of Association;

(vi) shall not engage in the same business as the Company either for their own account or for the account of any other person without reporting to the Board or the Shareholders' meeting and obtaining the approval of Shareholders' meeting;

(vii) shall not accept commissions paid by others for transactions conducted with the Company as their own;

(viii) shall not disclose confidential Company's information without authorization;

(ix) shall not abuse their connected relationships to damage the Company's interests;

(x) other fiduciary obligations stipulated in laws, administrative regulations, regulations of authorities, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company. If losses are caused to the Company, it shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

(i) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(ii) shall treat all Shareholders fairly;

(iii) shall maintain a timely awareness of the operation and management of the Company;

(iv) shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall provide information and materials to the Audit Committee and shall not obstruct the Audit Committee or individual Audit Committee member from performing its or their duties;

(vi) other obligations of diligence stipulated in the laws, administrative regulations, regulations of authorities, other securities regulatory rules of the place where the Company's shares are listed and Articles of Association.

Board of Directors

The Board of Directors consists of 11 directors, of which the number of independent directors shall be no less than one third. The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

The Board of Directors exercises the following powers:

(i) to convene the general Shareholders' meeting and report on work to the Shareholder's meeting;

(ii) to implement the resolutions of the Shareholder's meeting;

(iii) to determine the business and investment plans of the Company;

(iv) to devise the earnings distribution and loss offset plans of the Company;

(v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vi) to formulate plans for major acquisitions of the Company, in case of the circumstances stipulated of the Articles of Association the buy-back of shares of the Company, corporate merger, separation, dissolution and changing the form of the Company;

(vii) to determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the Shareholders' meeting;

(viii) to decide on the setup of the Company's internal management organization;

(ix) to decide on matters such as appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;

(x) to set the basic management systems of the Company;

(xi) to make the modification plan to the Articles of Association;

(xii) to manage the disclosure of company information;

(xiii) request to the meeting of shareholders to hire or replace the accounting firm auditing for the Company;

(xiv) attend to the work report of the Company's general manager and review the work of the general manager;

(xv) other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, the Articles of Association and the shareholders' meeting.

Matters beyond the scope of such authorization shall be submitted to the Shareholders' meeting for consideration.

Meetings of the Board of Directors shall be attended by more than one-half of the directors before the Board of Directors meeting can be convened. Resolutions of the Board of Directors must be passed by a majority of all directors. Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

For external guarantee to be examined and approved by the Board of Directors, such resolution shall be made by over two thirds of present directors.

If any director has connection with the enterprise or individual involved in the resolution made at a Board meeting, such director shall submit a written report to the Board of Directors in a timely manner.

If a director has connection with the enterprise or individual involved in the resolution made at a Board meeting, such director shall submit a written report to the Board of Directors in a timely manner. The said director shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the Board of Directors may be held if more than half of the directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the Board of Directors is less than three, the matter shall be submitted to the Shareholders' meeting for review. If laws, regulations, or the securities regulatory rules of the place where the Company's shares is listed impose additional restrictions on directors' participation in Board of Directors meetings and voting, such provisions shall prevail.

Independent directors

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors. Matters listed in items (1) to (3) of the paragraph 1 of Article 130 and Article 131 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors may study and discuss other matters of the Company as needed. The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings. The Company shall facilitate and support the convening of special meetings of independent directors.

Special committees under the Board

The Board of Directors shall establish an audit committee to exercise the powers of the board of supervisors stipulated by the Company Law. The members of an audit committee shall comprise four directors who are not senior executives of the company, among them there are three independent directors, and an accounting professional among the independent directors shall act as the convener.

The Board of Directors shall establish special committees such as strategy and ESG committee, nomination committee, remuneration and appraisal committee, etc.

The special committees shall perform duties pursuant to the Articles of Association and the authorization of the Board of Directors, and submit motions to the Board of Directors for deliberation and decision.

General manager and other senior management members

The Company shall have one general manager, several deputy general managers, all of whom shall be appointed or dismissed by the Board of Directors. The general manager, deputy general managers, chief financial officer, secretary to the Board of Directors are considered senior management personnel of the Company.

The provisions in the Articles of Association regarding the fiduciary duties and duties of care of directors shall also apply to senior management personnel.

The general manager of the Company is responsible to the Board of Directors and exercises the following powers:

(i) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(ii) to organize and implement the Company's annual business plan and investment proposals;

(iii) to draft plans for the establishment of the Company's internal management organizations;

(iv) to draft the fundamental management system of the Company;

(v) to formulate specific rules and regulations for the Company;

(vi) to propose to the Board of Directors on the appointment or dismissal of deputy general manager, chief financial officer;

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend the meetings of the Board of Directors.

Borrowing power

The Articles of Association do not specifically provide for the manner in which borrowing powers may be exercised nor do they contain any specific provision in respect of the manner in which such borrowing powers may be amended, except for:

(i) provisions which authorise the Board to formulate proposals for the issuance of debentures and other securities by our Company; and

(ii) provisions which provide that the issuance of debentures and other securities shall be approved by the general meeting by a special resolution.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial accounting system

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange in the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account. The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. Subject to a resolution of the Shareholders' meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

Subject to a resolution of the Shareholders' meeting, after making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

If the Shareholders' meeting violates the provisions of the PRC Company Law, the profits distributed in violation of the provisions must be returned by such Shareholders to the Company. The Shareholders, responsible directors and senior management members shall be liable for compensation if the Company suffers losses as a result thereof.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The Company shall appoint one or more collection agents for H-shareholders in Hong Kong SAR. The collection agents shall collect on behalf of the relevant H-shareholders the dividends distributed and other funds payable by the Company in respect of the H-shareholders, and hold such monies in their custody pending payment to the H-shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are [**REDACTED**].

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

After the Shareholder's meeting of the Company make a resolution on profit distribution plan, or the Board of Directors formulates a specific plan based on the interim dividend conditions and caps approved at the annual Shareholders' meeting, the Board of Directors shall complete the distribution within 2 months.

Internal audit

The Company has implemented an internal audit system which explicitly defines the leadership structure, authorities and responsibilities, staffing requirements, fund guarantee, application of audit results, and accountability mechanism in respect of the internal audit activities, etc. The internal audit system of the Company shall be implemented upon approval by the Board and publicly disclosed.

Appointment of an accounting firm

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are [**REDACTED**] for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed. The appointment of accounting firm by the Company shall be subject to the approval of Shareholders' meetings. The Board shall not appoint accounting firm before the approval of the Shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by the Shareholders' meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the Shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state its opinions in the Shareholders' meeting whether the Company has committed any improper act.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, division, capital increase and capital reduction

Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

Where the price paid for the merger of the Company less than 10% of its net assets, a resolution of the Shareholders' meeting may be dispensed with, unless otherwise provided in the Articles of Association.

Where the merger of a company pursuant to the provisions of the preceding paragraph does not require a resolution of the Shareholders' meeting, a resolution of the Board of Directors shall be passed.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated press stipulated in Article 174 of the Articles of Association or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the designated press stipulated in Article 176 of the Articles of Association or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement on the designated press stipulated in Article 178 of the Articles of Association or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

When reducing its registered capital, the Company shall reduce the amount of capital contribution or shares held by the Shareholders in proportion to their respective shareholdings, unless otherwise provided for by law or the Articles of Association.

In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; if the Company is dissolved, it shall go through the deregistration of the procedures company in accordance with the law; if a new company is established, the company establishment registration shall be completed in accordance with the law. If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

Dissolution and liquidation

The Company shall be dissolved for the following reasons:

(i) expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(ii) the Shareholders' meeting adopts a resolution to dissolve the Company;

(iii) the Company needs to be dissolved for the purpose of merger or division;

(iv) the business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;

(v) where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the People's Court to dissolve the Company.

Where any cause for dissolution as provided in the preceding paragraph occurs, the Company shall publicize the cause for dissolution within ten days on the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統).

If the Company is in the situation as described in Item (i) and (ii) of the preceding paragraph and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the Shareholders' meeting. The amendment of the Articles of Association or the resolution of the Shareholders' meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the Shareholders' meeting.

If the company is dissolved due to the provisions mentioned in items (i), (ii), (iv), and (v) above, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and must form a liquidation group within 15 days from the date the cause for dissolution arises to carry out the liquidation. The liquidation group shall be composed of directors or persons determined by the shareholders' meeting.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in the designated press stipulated in Article 187 of the Articles of Association or the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice. When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the company's assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the Shareholders' meeting or the court for confirmation. The Company's assets shall be used to pay the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company's debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

After sorting out the Company's assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law. After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the Company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration and announce the termination of the Company.

If the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(i) after amendments are made to the PRC Company Law or other relevant laws, administrative regulations and regulatory rules at the place where the shares of the Company are [**REDACTED**], the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and regulatory rules at the place where the shares of the Company are [**REDACTED**];

(ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(iii) the Shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the Shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

1. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES

A. Incorporation of our Company

Our Company was incorporated as a limited liability company in the PRC on September 22, 2011 and was converted into a joint stock limited company on April 25, 2017 under the laws of the PRC. Our registered address is at Office Building of Hunan Junxin Environmental Protection Co., Ltd., Qiaoyi Town, Wangcheng District, Changsha, Hunan Province.

Our Company has established a place of business in Hong Kong at 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 8, 2025. Ms. Lai Janette Tin Yun has been appointed as our authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. Please refer to the section headed "Summary of Articles of Association" in Appendix V to this Document for the summary of the relevant provisions of our Articles of Association. Please refer to the section headed "Summary of the principal legal and regulatory provisions" in Appendix IV to this Document for the summary of certain relevant aspects of the laws and regulations of the PRC.

B. Changes in share capital of our Company

On September 22, 2011, our Company was established as a limited liability company with a registered capital of RMB30,000,000. The following sets out changes in the share capital of our Company within the two years immediately preceding the date of this Document:

On April 18, 2025, our Board of Directors resolved a plan to repurchase, in the next 12 months, A Shares from the secondary market using our internal capital for the purpose of granting such repurchased A Shares under any future employee stock ownership plans or share incentive scheme ("**2025 Share Repurchase Plan**"). The 2025 Share Repurchase Plan was valid for 12 months from the date of approval of the repurchase plan by the Board. The maximum number of A Shares that may be repurchased under the 2025 Share Repurchase Plan is 14,157,621 A Shares. The 2025 Share Repurchase Plan was completed on April 1, 2026, and as at the date of its completion, the Company has repurchased a total of 18,889,311 A Shares under the 2025 Share Repurchase Plan. Upon repurchase, the repurchased A Shares are held under our Company's stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be cancelled. As of the Latest Practicable Date, the Company held 18,889,311 repurchased A Shares in total.

On April 23, 2025, the share capital of our Company increased from RMB410,010,000 to RMB563,643,459, comprising 563,643,459 A Shares with a nominal value of RMB1.00 each.

On July 1, 2025, the share capital of our Company increased from RMB563,643,459 to RMB789,100,842, comprising 789,100,842 A Shares with a nominal value of RMB1.00 each.

Save as aforesaid, as of the Latest Practicable Date, there has been no alteration in our share capital within two years immediately preceding the date of this Document.

C. Changes in share capital of our subsidiaries

There has been no alteration in the share capital of our subsidiaries during the two years immediately preceding the date of this Document.

D. Resolutions of our Shareholders passed on August 6, 2025

Pursuant to a general meeting held on August 6, 2025, among other things, our Shareholders resolved to approve the following:

(a) the [**REDACTED**] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules;

(d) to authorize the Board and its authorized person to handle the matters relating to, among others, the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of the H Shares.

2. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

A. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within two years preceding the date of this document:

(a) the [**REDACTED**].

B. Intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date
1. .		PRC	The Company	42	4700527	January 6, 2029
2. .		PRC	The Company	37	1679823	December 6, 2031
3. .		PRC	The Company	40	54326918	November 6, 2031
4. .		PRC	The Company	42	54327264	November 6, 2031

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date
5. .		PRC	The Company	40	9301628	July 27, 2032
6. .		PRC	The Company	45	61334627	December 20, 2032
7. .	junxin	PRC	The Company	43	61343778	December 13, 2032
8. .		PRC	The Company	44	61348584	December 20, 2032
9. .	junxin	PRC	The Company	19	61334619	August 20, 2033
10. .	junxin	PRC	The Company	7	61364607	August 20, 2033
11. .		PRC	The Company	43	61355624	June 27, 2033
12. .	junxin	PRC	The Company	44	61354136	April 13, 2033
13. .	junxin	PRC	The Company	1	61359175	April 20, 2033
14. .		PRC	The Company	19	61365296	April 13, 2033
15. .		PRC	Renhe Environment Technology	42	50018415	July 13, 2031
16. .		PRC	Renhe Environment Technology	41	50013499	July 13, 2031
17. .		PRC	Renhe Environment Technology	40	50050287	September 6, 2031
18. .		PRC	Renhe Environment Technology	1	50046991	September 6, 2031
19. .		PRC	Renhe Environment Technology	35	50064251	October 6, 2031
20. .	北仁和	PRC	Renhe Environmental Protection	7	4507639	March 6, 2028
21. .	北仁和	PRC	Renhe Environmental Protection	40	4507640	September 6, 2028
22. .	北仁和	PRC	Renhe Environmental Protection	1	4507638	October 6, 2028

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date
23. .		PRC	Puxiang Bioenergy	40	23455912	March 27, 2028
24. .		PRC	Puxiang Bioenergy	40	23455574	March 27, 2028
25. .		PRC	Puxiang Bioenergy	35	23455503	March 27, 2028
26. .		Hong Kong	The Company	7, 16, 35, 36, 38, 39, 40, 42, 45	306939073	June 22, 2035
27. .		Hong Kong	The Company	7, 16, 35, 36, 38, 39, 40, 42, 45	306939064	June 22, 2035
28. .		Hong Kong	The Company	7, 16, 35, 36, 38, 39, 40, 42, 45	306939055	June 22, 2035
29. .		Hong Kong	The Company	7, 16, 35, 36, 38, 39, 40, 42, 45	307075954	October 29, 2035

(b) Domain name

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Registered owner	Domain name	Date of approval	Filing/license number
1. . .	The Company	junxinep.com	September 22, 2020	湘ICP備2020018846號-1
2. . .	Renhe Environment Technology	hnlhcc.com	August 12, 2022	湘ICP備20016122號-1
3. . . .	Renhe Environmental Protection	36.158.32.29	May 30, 2023	湘ICP備2023013095號-1

(c) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Place of registration	Registered owner	Patent number	Expiry date
1.	Sludge dispersion device for waste incineration (用於垃圾焚燒的污泥分散裝置)	PRC	The Company	2022219605275	July 26, 2032
2.	Integrated reverse osmosis unit with series-connected medium-high pressure booster units (具有串聯式中高壓增壓單元的反滲透集成機組)	PRC	The Company	2022236108748	December 29, 2032
3.	Waste storage device for waste-to-energy plants (用於垃圾發電廠的垃圾存儲裝置)	PRC	The Company	2015105334342	August 26, 2035
4.	Conveying, extruding-forming, and distributing device for high-solids sludge (適用於高含固率污泥的輸送、擠壓成型及布料裝置)	PRC	The Company	2018106958474	June 28, 2038
5.	A method and system for co-treating leachate from waste incineration plants and filter press filtrate from sludge (一種協同處理垃圾焚燒廠滲濾液和污泥壓濾液的方法及系統)	PRC	The Company	2018114428431	November 28, 2038
6.	Sludge thermal hydrolysis system and sludge anaerobic digestion system (污泥熱水解系統及污泥厭氧消化系統)	PRC	The Company	2020114875165	December 15, 2040
7.	An integrated device for high-temperature thermal hydrolysis (一種高溫熱水解集成裝置)	PRC	The Company	2020114921360	December 15, 2040
8.	Processing method for waste incineration fly ash (垃圾焚燒飛灰的處理方法)	PRC	The Company	2020115559216	December 23, 2040

No.	Patent	Place of registration	Registered owner	Patent number	Expiry date
9. .	Method and system for the start, cultivation and operation of anaerobic ammonium oxidation (厭氧氨氧化啟動、培養與運行的方法及系統)	PRC	The Company	2021115808247	December 21, 2041
10.	Incineration heat value prediction method, system and incineration system for domestic waste (生活垃圾的焚燒熱值預判方法、系統及焚燒系統)	PRC	Puxiang Bioenergy	2020111195121	October 18, 2040
11. .	A control method and system for automatic combustion in incinerators (一種焚燒爐自動焚燒控制方法及控制系統)	PRC	Puxiang Bioenergy	2021113962300	November 22, 2041
12.	An oxygen level adaptive control method and system for waste incineration furnaces (一種垃圾焚燒爐氧量自適應控制方法及系統)	PRC	Puxiang Bioenergy	2021113977467	November 22, 2041
13.	A closed food waste collection and transportation system (一種密閉式餐廚垃圾收運系統)	PRC	Renhe Environment Technology	2021104045478	April 14, 2041
14.	A companion unloading hopper for food waste collection vehicles (一種與餐廚垃圾收運車配套用卸料倉)	PRC	Renhe Environment Technology	2020114648091	December 13, 2040
15.	A system for food waste utilization (一種廚餘垃圾資源化利用系統)	PRC	Renhe Environmental Protection	2022113135853	October 24, 2042

(d) Software copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Software	Place of registration	Registered owner	Registration number
1.	Intelligent Leachate Treatment Operational Parameters Software V2.0 (滲濾液處理運行參數智能計算機軟件2.0)	PRC	The Company	2021SR1616102
2.	Exhaust Gas Treatment Data Collection System v1.0 (廢氣處理信息採集系統v1.0)	PRC	Renhe Environment Technology	2020SR1596314
3.	Hunan Renhe Environment Technology Kitchen Waste Collection & Transportation Command and Dispatch System V1.0 (湖南仁和環境餐廚收運指揮調度系統V1.0)	PRC	Renhe Environment Technology	2025SR0406128
4.	Renhe Kitchen Waste Smart Collection & Transportation and Digital Remote Supervision System V1.0 (仁和廚餘垃圾智慧收運及數字化遠程監管系統V1.0)	PRC	Renhe Environment Technology	2025SR0405882
5.	Renhe Smart Kitchen Waste Collection & Transportation Big Data Supervision Platform V1.0 (仁和智慧餐廚收運大數據監管平台V1.0)	PRC	Renhe Environment Technology	2025SR0406057
6.	Renhe Environment Technology Collection & Transportation and Active Safety Defense System V1.0 (仁和環境收運及主動安全防禦系統V1.0)	PRC	Renhe Environment Technology	2025SR0406085
7.	Hunan Renhe Environment Technology Smart Collection & Transportation Integrated Management System V1.0 (湖南仁和環境智慧收運綜合管理系統V1.0)	PRC	Renhe Environment Technology	2025SR0406108
8.	Food Waste Collection, Transportation and Disposal Management Platform (餐廚垃圾收運處置管理平台)	PRC	Renhe Environment Technology	2019SR1457380

3. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors' contracts and appointment letters

We [have entered] into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters include the term of the service and termination provisions. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

B. Remuneration of Directors and former supervisors

Save as disclosed in the sections headed "Directors and senior management" and "Appendix I — Accountants' Report — Note 9. Directors and supervisor' emoluments" for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, none of our Directors or former supervisors received other remunerations of benefits in kind from us.

C. Disclosure of interests

(a) Interest in the Shares of our Company

For information on the persons (other than our Directors and chief executive of our Company) who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, please refer to the section headed "Substantial Shareholders" in this Document.

(b) Interests in our Company's subsidiaries

So far as the Directors are aware, the following persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the [**REDACTED**], be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
Puxiang Bioenergy	Shanghai Pudong Environmental Energy Development Co., Ltd.* (上海浦東環保能源發展有限公司)	10%
	Yonker Environmental Protection Co., Ltd.* (永清環保股份有限公司)	10%
Puxiang Environmental Energy	Shanghai Pudong Environmental Energy Development Co., Ltd.* (上海浦東環保能源發展有限公司)	15%
	Changsha Wangcheng District Urban Construction Investment Group Co., Ltd.* (長沙市望城區城市建設投資集團有限公司)	15%

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
Liuyang Junxin	Liuyang Urban and Rural Development Group Co., Ltd.* (瀏陽市城鄉發展集團有限責任公司)	30%
Renhe Environment Technology	Hunan Renlian	23.14%
Liuyang Daowushan Tianhu Tourism Development Co., Ltd.* (瀏陽市道吾山天湖旅遊開發有限責任公司)	Liuyang Cultural Tourism Industry Development Co., Ltd.* (瀏陽市文化旅遊產業發展有限責任公司)	49%
Liuyang Daowushan Yunduoduo Resort Hotel Co., Ltd.* (瀏陽市道吾山雲躲躲度假酒店有限公司)	Hunan Yunduoduo Resort Hotel Co., Ltd.* (湖南雲躲躲度假酒店有限責任公司)	40%

(c) Disclosure of interests of Directors and chief executive

Save as disclosed below, immediately following completion of the [**REDACTED**] (assuming that all the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(i) Interests in our Company

Name	Nature of Interest	Number and class of Shares held	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][(1)]	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED][(1)]
Mr. Dai	Beneficial owner[(2)]	30,256,316 A Shares	[**REDACTED**]	[**REDACTED**]
	Interest in controlled corporations[(2)]	367,355,054 A Shares	[**REDACTED**]	[**REDACTED**]
	Interest held through voting powers entrusted by other persons[(2)]	114,735,207 A Shares	[**REDACTED**]	[**REDACTED**]
	Interest in treasury Shares[(3)]	18,889,311 A Shares	[**REDACTED**]	[**REDACTED**]
He Yingpin	Beneficial owner	23,754,217 A Shares	[**REDACTED**]	[**REDACTED**]
Leng Chaoqiang	Beneficial owner	3,433,500 A Shares	[**REDACTED**]	[**REDACTED**]

Name	Nature of Interest	Number and class of Shares held	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][(1)]	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED][(1)]
Hu Shiti	Beneficial owner	3,926,797 A Shares	[**REDACTED**]	[**REDACTED**]
Xia Liang	Beneficial owner	63,000 A Shares	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of 789,100,842 A Shares in issue (including 18,889,311 treasury Shares) and [**REDACTED**] H Shares (assuming the [**REDACTED**] is not exercised) in [**REDACTED**] upon [**REDACTED**].

(2) As of the Latest Practicable Date, Mr. Dai directly held 30,256,316 A Shares and was deemed to be interested in the (i) 357,217,304 A Shares held by Junxin Group by virtue of being one of its controllers; (ii) 10,137,750 A Shares held by Daoxin Investment by virtue of being its sole executive partner; and (iii) 114,735,207 A Shares held by the Proxy Grantors, namely Hong Yefan, Hunan Renjing, Hunan Renlian and Hunan Renyi, by virtue of being the voting proxy of the Proxy Grantors under the Voting Rights Proxy Agreement. For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in this Document.

(3) As of the Latest Practicable Date, there were 18,889,311 A Shares repurchased and held in our Company's stock repurchase account. Mr. Dai, as one of our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company, would be taken to have an interest in such repurchased A Shares held by our Company.

(ii) Interests in associated corporations of our Company

Name	Nature of Interest[(1)]	Total number of securities of the associated corporation	Approximate percentage of shareholding in the total share capital of the associated corporation
Hu Shiti	Beneficial owner	Renhe Environment Technology	0.90%

Note:

(1) All interests stated are long positions.

D. Disclaimers

Save as disclosed in this Document:

(a) none of our Directors, chief executive or any of the parties listed in "— 5. Other information — G. Qualification of experts" below is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in "— 5. Other information — G. Qualification of experts" below:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of the number of our issued Shares (excluding treasury Shares) has any interest in our top five customers or suppliers.

4. 2025 SHARE REPURCHASE PLAN

On April 18, 2025, our Board of Directors resolved a plan to repurchase, in the next 12 months, A Shares from the secondary market using our internal capital, with a total budget between RMB200 million to RMB300 million and a target price of not more than RMB30.57 per A Share (revised on June 17, 2025 to RMB21.19 per A Share with effect from June 17, 2025) (the "**2025 Share Repurchase Plan**"), for the purpose of granting such repurchased A Shares under any future employee stock ownership plans or share incentive scheme. The maximum number of A Shares that may be repurchased under the 2025 Share Repurchase Plan is 14,157,621 A Shares.

Any future employee incentive plan or restricted share incentive plan to be established in connection with the 2025 Share Repurchase Plan will not have any dilutive effect to the interests held by the Shareholders. Such future employee incentive plan or restricted share incentive plan and the terms thereof shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

All such repurchased A Shares have been and will be held in our Company's stock repurchase account opened for the purpose of the 2025 Share Repurchase Plan. The 2025 Share Repurchase Plan was completed on April 1, 2026, and as of the date of its completion, the Company has repurchased a total of 18,889,311 A Shares under the 2025 Share Repurchase Plan.

As of the Latest Practicable Date, the Company has no employee stock ownership plans or share incentive scheme that may be subject to the provisions of Chapter 17 of the Listing Rules.

5. OTHER INFORMATION

A. Estate duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

B. Litigation

As of the Latest Practicable Date, save as disclosed in this Document, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our results of operations or financial condition.

In preparation of our A Shares listing, each of Mr. Dai and Junxin Group has provided an undertaking that he/it has agreed to indemnify our Group in respect of any liabilities and penalties arising from any non-compliance of our Group for the failure to (i) make full contribution to social insurance and housing provident fund for our employees, and (ii) obtain ownership certificates for any of our properties. For the purpose of our [**REDACTED**], each of Mr. Dai and Junxin Group has

further provided an undertaking on August 12, 2025 to indemnify our Group for the liabilities and penalties arising from any of our non-compliance of (i) and (ii) above, as well as (iii) procedural defects in obtaining exclusive concession rights.

C. Joint Sponsors

The Joint Sponsors has made an application on our behalf to the [**REDACTED**] of the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares to be [**REDACTED**] as mentioned in this Document. All necessary arrangements have been made enabling the H Shares to be admitted into [**REDACTED**].

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the [**REDACTED**] payable by our Company is USD1.0 million in aggregate.

D. Compliance advisor

Our Company has appointed Somerley Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

E. Preliminary expenses

Our Company did not incur any material preliminary expenses.

F. Promoters

The promoters of our Company are Mr. Dai, He Yingpin and Junxin Group.

Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoters in connection with the [**REDACTED**] or related transactions in this Document within the two years immediately preceding the date of this Document.

G. Qualifications of experts

The qualifications of the experts (as defined under the Listing Rules and the CWUMPO) who have given their opinions and/or advice in this Document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

Name	Qualification
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Grandall Law Firm (Changsha)	Legal advisers to our Company as to PRC Law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

H. Consents and interests of experts

Each of the above experts has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or views and/or letters and/or legal opinion (as the case may be) and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in our Company or any of its subsidiaries.

I. Binding effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

J. Taxation of holders of H Share

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of the Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange" in this Document.

K. No material adverse change

Our Directors confirm that, there has been no material change in our business, financial condition and results of operations since March 31, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this Document, and up to the date of this Document.

L. Restriction on share repurchases

For details of the restrictions on share repurchases by our Company, please refer to "Appendix V — Summary of the Articles of Association" to this Document.

M. Miscellaneous

Save as disclosed in this Document:

(a) within the two years immediately preceding the date of this Document:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document;

(e) our Company has no outstanding convertible debt securities or debentures;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be [**REDACTED**] in connection with the [**REDACTED**], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(h) all necessary arrangements have been made to enable the H Shares to be admitted into [**REDACTED**] for clearing and settlement.

N. Bilingual document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the material contracts referred to in "Statutory and General Information — 2. Further information about the business of our Group — A. Summary of material contracts" in Appendix VI to this Document; and

(b) the written consents referred to in "Statutory and General Information — 5. Other information — H. Consents and interests of experts" in Appendix VI to this Document.

DOCUMENTS AVAILABLE FOR DISPLAY

Copies of the following documents will be displayed on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.junxinep.com** up to and including the date which is 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report of our Group from KPMG, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026;

(d) the report on review of unaudited interim financial information of our Group for the six months ended June 30, 2026 from KPMG, the text of which is set out in the section headed "Unaudited Interim Financial Information" in Appendix IA to this Document;

(e) the report on the unaudited [**REDACTED**] financial information of our Group from KPMG, the text of which is set out in Appendix II to this Document;

(f) the service contracts and letters of appointment referred to in "Statutory and General Information — 3. Further information about our Directors, chief executive and substantial shareholders — A. Particulars of Directors' contracts and appointment letters" in Appendix VI to this Document;

(g) the material contracts referred to in the paragraph headed "Statutory and General Information — 2. Further information about the business of our Group — A. Summary of material contracts" in Appendix VI to this Document;

(h) the written consents referred to in the paragraph headed "Statutory and General Information — 5. Other information — H. Consents and interests of experts" in Appendix VI to this Document;

(i) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this Document;

(j) the legal opinions prepared by Grandall Law Firm (Changsha), our PRC Legal Adviser; and

(k) the PRC Company Law and Trial Measures together with their unofficial English translations.