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## SUMMARY

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*This summary aims to give you an overview of the information contained in this document. Because this is a summary, it does not contain all the information that may be important to you. 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 “Risk Factors”. You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined in “Definitions” and “Glossary of Technical Terms”.*

## OVERVIEW

We are one of the leading gold mine hazardous waste treatment companies in the PRC focusing on (i) gold mine hazardous waste treatment, and (ii) recycling and extracting therefrom resources with economic value for sale. According to the F&S Report, we are the third largest gold mine hazardous waste treatment company in the PRC with a market share of approximately 10.0% in terms of revenue in 2020. We are also ranked the first in gold mine hazardous waste treatment volume in Shandong province and the PRC, with actual treatment volume of approximately 1.08 million tonnes, accounting for approximately 25.8% and 17.6% of the total actual treatment volume in Shandong province and the PRC, respectively, in 2020.

We have two production facilities strategically located in Laizhou city, Shandong province, where the gold reserves ranked the first among the county-level cities in the PRC. The total site area of our production facilities is approximately 228,683 sq.m. and they process the gold mine hazardous wastes collected from our upstream customers and recycle them into recycled products for sale to our downstream customers. As at the Latest Practicable Date, we are the only company in Laizhou city, Shandong province that has obtained the Hazardous Waste Business Licence issued by Yantai Municipal Ecology and Environment Bureau (煙臺市生態環境局).

During the Track Record Period, our upstream customers for gold mine hazardous waste treatment services mainly comprised of gold smelting companies under gold mining companies with mine operations in Shandong province, whilst our downstream customers for the sale of recycled products mainly comprised of chemical manufacturing companies and trading companies of chemicals in the PRC. We have developed and maintained strong and stable relationships with industry-renowned customers, such as Shandong Gold Smelting Co., Ltd (山東黃金冶煉有限公司) (a subsidiary of Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), whose shares are listed on the Main Board (stock code: 1787) and Shanghai Stock Exchange (stock code: 600547)) (“**Shandong Gold Smelting**”), Zhongkuang Gold Industry Company Limited (中礦金業股份有限公司) (“**Zhongkuang Gold**”), in the PRC.

During the Track Record Period, revenue from our gold mine hazardous waste treatment services and sale of recycled products has been our major revenue sources, which collectively accounted for approximately 96.5%, 88.3% and 92.8%, respectively, of our total revenue. Since November 2018, our Group also derived revenue from the hazardous waste storage rental services. For the years ended 31 December 2018, 2019 and 2020, our total revenue amounted to approximately RMB102.3 million, RMB133.7 million and RMB205.4 million, respectively. Our Group’s net profit after tax increased from approximately RMB30.7 million for the year ended 31 December 2018 to approximately RMB48.5 million for the year ended 31 December 2019, and further increased to approximately RMB72.9 million for the year ended 31 December 2020.

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The following table sets out our revenue by business activities during the Track Record Period:

	2018		Year ended 31 December		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Gold mine hazardous waste treatment services	41,014	40.1	61,567	46.1	107,958	52.6
Sale of recycled products	57,642	56.4	56,413	42.2	82,514	40.2
Hazardous waste storage rental services	1,083	1.0	14,490	10.8	14,507	7.1
Others <i>(Note)</i>	2,542	2.5	1,194	0.9	413	0.1
<b>Total</b>	<b>102,281</b>	<b>100.0</b>	<b>133,664</b>	<b>100.0</b>	<b>205,392</b>	<b>100.0</b>

*Note:* Others represented revenue from the trading of recycled products, which mainly included desulphurisation gypsum, copper concentrate powders and waste rocks, that we procured from our suppliers during the Track Record Period.

According to the F&S Report, the gold mine hazardous waste treatment market in the PRC, particularly in Shandong province, is expected to grow due to increasing output rate of gold mine hazardous waste, increasing utilisation value through technology improvement, more utilise channels and stricter environmental requirement. We believe that by leveraging on the industry expertise and technical know-how that we possess, together with the growth of the gold mining industry and support of favourable government policies, we are well-positioned to capture more business opportunities from gold mining companies, chemical manufacturing companies and trading companies of chemicals in the PRC. As such, we plan to expand our production capacity, enhance our production capabilities on diversifying products offerings and strengthen research and development ability to capitalise on the growing demand of gold mine hazardous waste treatment services and recycled products.

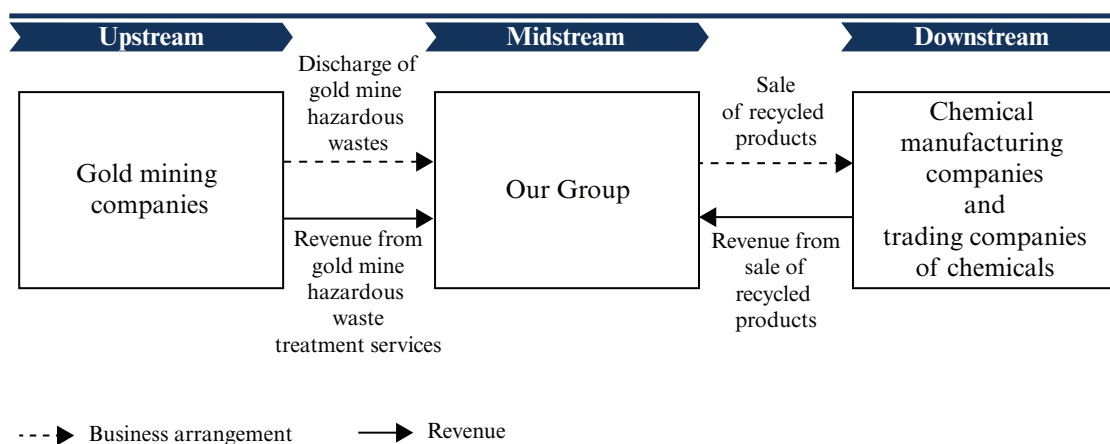
### OUR BUSINESS MODEL

During the Track Record Period, our upstream customers mainly engaged us to provide treatment services for cyanide tailings, which is a kind of gold mine hazardous waste resulted from smelting of gold. These cyanide tailings consist of cyanide, which is one of only a few chemical reagents that will dissolve gold in water. Cyanide is a toxic substance and can be lethal if ingested or inhaled in sufficient amounts. Gold mining companies employ stringent risk managements systems to prevent injury or damage from the use of cyanide. Cyanide in mining solutions is collected, either be recycled or disposed, after gold is removed. Due to the restrictions on technical expertise and cost consideration, gold smelting companies engage gold mine hazardous waste treatment companies, like us, to collect the cyanide tailings from them and pay the corresponding treatment fee.

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In our operation process, we are capable of detoxifying the gold mine hazardous wastes. Further, we are able to extract resources with economic value from gold mine hazardous wastes and pyrite concentrate and gold-bearing pyrite concentrate are the major recycled products extracted, which can be used for the production of sulphur and sulphuric acid that can be applied in various industrial process. We usually sell our recycled products to our downstream customers which are chemical manufacturing companies and trading companies of chemicals.

The following diagram shows our business activities in gold mine hazardous waste treatment services and sale of recycled products during the Track Record Period:



## OUR COMPETITIVE STRENGTHS

We believe that our success can be attributed to the following competitive strengths:

- we are one of the leading gold mine hazardous waste treatment companies in the PRC;
- we are situated in one of the areas with the largest production of gold in the PRC;
- we have proven track record with stable relationship and maintain a strong customer base;
- we possess strong technical capabilities in the gold mine hazardous waste treatment process and production of recycled products; and
- we have an experienced and professional management team.

## OUR BUSINESS STRATEGIES AND USE OF [REDACTED]

As the utilisation rates of our two existing production facilities in Jincheng town and Shahe town in Laizhou city were approximately 95% and 92%, respectively for the year ended 31 December 2020, our Directors consider that we can only capture the business opportunities arising from the growing demand of the gold mine hazardous waste treatment services in the coming years and solidify our leading market position in Shandong province by building a new production facility (the “**New Production Facility**”), which we intend to:

- increase our production capacity and capabilities to solidify our market position; and
- strengthen our research and development capabilities to improve our efficiency on treatment services, and diversify our product offerings.

It is planned that the construction of the New Production Facility will be completed by the end of 2022 in two phases, which the first phase will be the construction of the production compartment for gold mine hazardous waste treatment and the new research

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and development laboratory, and the second phase will be the construction of the production compartment for production of recycled products including construction aggregates.

We estimate that the net [REDACTED] we will receive from the [REDACTED] (after deducting [REDACTED] commissions, fees and anticipated expenses payable by us in connection with the [REDACTED]) will be approximately [REDACTED] (equivalent to approximately [REDACTED]), assuming the [REDACTED] is not exercised and an [REDACTED] of [REDACTED] per Share, being the mid-point of the [REDACTED] range of [REDACTED] to [REDACTED] per Share as stated in this document. We intend to use the net [REDACTED] we receive from the [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

Use of [REDACTED]	% of the net [REDACTED]	HK\$ million	Equivalent to RMB million
<ul style="list-style-type: none"> <li>● build the New Production Facility, comprising two production compartments, with a permitted annual treatment capacity of 600,000 tonnes, and diversification of our product offerings, among which:                             <ul style="list-style-type: none"> <li>(a) acquire the land use rights for a parcel of land of approximately 166,500 sq.m. for the construction</li> <li>(b) construct the New Production Facility</li> <li>(c) acquire machinery and equipment</li> <li>(d) expand our production team</li> </ul> </li> <li>● strengthen our research and development capabilities to enhance existing products and diversify our product offering</li> <li>● general working capital</li> </ul>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> </div>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> </div>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> <div style="display: flex; justify-content: space-between;"> <span>[REDACTED]</span> <span>[REDACTED]</span> <span>[REDACTED]</span> </div> </div>

For further details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED]” in this document.

### PRODUCTION FACILITIES AND UTILISATION RATES

Our two production facilities with a total site area of approximately 228,683 sq.m. are located in Laizhou city, Shandong province, the PRC. Our production facilities are located in Jincheng town and Shahe town in Laizhou city, with aggregate gross floor areas of approximately 15,407 sq.m. and 143,607 sq.m., respectively. For further details, see “Business — Properties” in this document. Our production facilities comprised warehouses, production compartments, office buildings and dormitory. As at the Latest Practicable Date, our production facilities are equipped with our major production machinery and equipment, including but not limited to ore feeders, scrapers, rotary screening machine, activities tanks, flotation tanks and excavators. For the year ended 31 December 2020, the utilisation rates (representing the percentage of actual annual treatment volume over the permitted annual treatment volume pursuant to the Hazardous Waste Business Licence) of each of our production facility in Jincheng town and Shahe town, Laizhou city were approximately 95% and 92%, respectively. For further details, see “Business — Our Production Facilities — Production Capacity and Utilisation Rate” in this document.

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### MAJOR CUSTOMERS AND SUPPLIERS

#### Major customers

Our customers for the gold mine hazardous waste treatment services are mainly gold smelting companies under gold mining companies with gold mine operations in Shandong province while our customers for the sale of recycled products are mainly chemical manufacturing companies and trading companies of chemicals in the PRC. For the years ended 31 December 2018, 2019 and 2020, our five largest customers accounted for approximately 69.8%, 67.3% and 71.8% of our total revenue, respectively. During the same periods, our largest customer accounted for approximately 22.6%, 21.4% and 27.3% of our total revenue, respectively. During the Track Record Period, we had eight upstream customers who have engaged our Group for the gold mine hazardous waste treatment services, and over 40 downstream customers who have purchased recycled products from us.

#### Major suppliers

During the Track Record Period, suppliers of goods and services to our Group mainly included: (i) transportation companies, (ii) suppliers of consumables such as xanthate and sodium sulphide, (iii) supplier of electricity and water, and (iv) suppliers for other services such as laboratory testing. For the years ended 31 December 2018, 2019 and 2020, our five largest suppliers accounted for approximately 50.2%, 66.2% and 54.1% of our total cost of sales, respectively. During the same periods, our largest supplier accounted for approximately 18.1%, 25.3% and 18.9% of our total cost of sales, respectively.

#### Pricing policy

For our gold mine hazardous waste treatment services, we adopt a cost-plus model where we determine the service fee by taking into account various factors such as the grade and type of the gold mine hazardous waste to be treated, the estimated transportation costs, customer relationships, competitive landscape, market circumstances and our business strategies adopted from time to time. Our products are generally not subject to any price control or regulations by the PRC governmental authorities. Generally, we adopt a cost-plus model where we determine the price of our products by taking into account various factors such as the cost of consumables, customer relationships, competitive landscape, market circumstances (including the prevailing market price of sulphur, iron and sulphuric acid) and our business strategies adopted from time to time.

### MARKET AND COMPETITION

According to the F&S Report, the gold mine hazardous waste treatment market in the PRC and Shandong province is concentrated. In 2020, the top five market participants in the PRC took up a market share of approximately 67.3% in terms of revenue, and we are ranked the third in terms of revenue representing a market share of approximately 10.0%. Due to its rich gold resources and mature gold mining industry chain, the gold mine production in Shandong province reached approximately 58.7 tonnes in 2019, ranking the first in the PRC and accounting for approximately 18.7% of the total gold mine production in the PRC. The gold mine production in Shandong province is expected to continue to rank the first in the PRC in 2020. Laizhou city, Shandong province is also rich in natural resources, among which its gold reserves is ranked first with proven gold reserves of around 2,100 tonnes among the county-level cities in the PRC. The distribution of gold mine hazardous waste treatment company follows the gold producers and has a strong regional characteristics. As a gold mine hazardous waste treatment company located in Laizhou city, Shandong province, according to the F&S Report, we are ranked the first in gold mine hazardous waste treatment volume in Shandong province and the PRC, with treatment volume of approximately 1.08 million tonnes, accounting for approximately 25.8% and 17.6% of the total treatment volume in Shandong province and the PRC, respectively, in 2020.



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### RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in “Risk Factors” in this document. You should read that section in its entirety before you decide to [REDACTED] in the [REDACTED]. Some of the major risks we face include:

- the development of the industry we operate in is highly dependent on the PRC government’s environmental protection policies, relevant laws and regulations, which may change from time to time;
- we are exposed to environmental compliance risks due to the nature of our operations;
- we have a concentration of customers during the Track Record Period, which may cause our business to be materially and adversely affected;
- we generally do not enter into long term contracts with commitment on minimum transaction amount with our customers; and
- ongoing pandemic of COVID-19 could significantly affect our production, demand for our services and products and our business.

### RESEARCH AND DEVELOPMENT

We believe that our in-depth experience and knowledge, research and development capabilities and hazardous waste treatment technologies are core competitiveness qualities for our leading industry position in the PRC. Our research and development team is led by Mr. Sheng, our executive Director and chief technical officer, who has more than 29 years of experience in chemical related industry and the qualification of intermediate engineer from Yantai Chemical Engineering and Technical Evaluation Committee (煙臺市化工工程技術職務中級評審委員會). As at the Latest Practicable Date, we had registered, obtained governmental approvals or applied various patents in the PRC, both invention and utility model, for the technologies or devices for expanding our product offerings, upgrading our technologies on comprehensive utilisation and harmless treatment of gold mine hazardous wastes and developing new processing methods. For details of our research and development, see “Business — Research and Development” in this document.

### OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] and [REDACTED] without taking account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the options which were granted or may be granted under the Share Option Scheme, we will be owned as to approximately [REDACTED]% by Zeming International, an investment holding company and is wholly-owned by Mr. Liu. For the purpose of the Listing Rules, Zeming International and Mr. Liu are the Controlling Shareholders of our Company. As at the Latest Practicable Date, none of our Controlling Shareholders and his/its respective close associates had any other company or business that competes with or is likely to compete, directly or indirectly, with our business. See “Relationship with our Controlling Shareholders” in this document for further details.

### [REDACTED]

We undertook [REDACTED] in preparation for the [REDACTED]. Immediately following completion at the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] (if any) and any options which may be granted under the Share Option Scheme), the issued share capital of our Company is owned as to the [REDACTED], namely, [REDACTED]% by Mr. Sze (through his shareholding in Keen Day), [REDACTED]% by Mr. Chi (through his shareholding in Ace Quality), [REDACTED]% by Mr. Cai YL (through his shareholding in Golden Clover) and [REDACTED]% by Mr. Cai QZ (through his shareholding in Azure Astro). See “History, Reorganisation and Corporate Structure — [REDACTED]” in the document for further details.

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### KEY FINANCIAL INFORMATION

The following tables set forth the selected financial and operating data from our combined financial information for the years indicated below. For more details on the financial information, see “Financial Information” and the Accountant’s Report in Appendix I to this document.

#### Selected Combined Statements of Comprehensive Income

	Year ended 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	102,281	133,664	205,392
Gross profit	57,719	82,185	123,894
Operating profit	43,146	68,636	102,532
Profit before income tax	40,236	63,413	96,489
Profit for the year	30,696	48,477	72,865
Gross profit margin (%)	56.4	61.5	60.3
Net profit margin (%)	30.0	36.3	35.5

Our revenue increased by approximately RMB31.4 million or 30.7% from approximately RMB102.3 million for the year ended 31 December 2018 to approximately RMB133.7 million for the year ended 31 December 2019; and further increased by approximately RMB71.7 million or 53.6% to approximately RMB205.4 million for the year ended 31 December 2020. Such overall increasing trend was mainly attributable to (i) the increase in revenue from gold mine hazardous waste treatment services and sale of recycled products due to the increase in permitted treatment volume and production capacity as a result of our business expansion driven by the completion of our second production facility in Shahe town, Laizhou city which commenced trial operation in October 2019, and (ii) the full year rental services for hazardous waste storage services for the year of 2019 and 2020.

Our total gross profit increased by approximately RMB24.5 million or 42.5% from approximately RMB57.7 million for the year ended 31 December 2018 to approximately RMB82.2 million for the year ended 31 December 2019 and further increased by approximately RMB41.7 million or 50.7% to approximately RMB123.9 million for the year ended 31 December 2020. Such increase was generally in line with the increase of our total revenue as a result of our business expansion.

Our overall gross profit margin increased from approximately 56.4% for the year ended 31 December 2018 to approximately 61.5% for the year ended 31 December 2019, mainly attributable to (i) the increase of gross profit contribution from our hazardous waste storage rental services and the improvement in relevant gross profit margin from approximately 26.9% for the year ended 31 December 2018 to approximately 76.5% for the year ended 31 December 2019, and (ii) the slight increase of gross profit contribution from our hazardous waste treatment services, which have a relatively higher gross profit margin of approximately 69.2% for the year ended 31 December 2019 as compared to that of sale of recycled products of approximately 50.3% for the same period. Our overall gross profit margin for the year ended 31 December 2020 was approximately 60.3%, which was relatively stable as compared to that of approximately 61.5% for the year ended 31 December 2019.

For a more detailed discussion, see “Financial Information” in this document.

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### Non-IFRS Measures<sup>(1)</sup>

The following table sets forth the adjusted profit and adjusted net profit margin in each respective year during the Track Record Period:

	Year ended 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	30,696	48,477	72,865
Add: [REDACTED] expenses	—	—	[REDACTED]
Adjusted profit for the year ( <i>unaudited</i> ) <sup>(2)</sup>	<u>30,696</u>	<u>48,477</u>	<u>[REDACTED]</u>
Adjusted net profit margin ( <i>unaudited</i> ) <sup>(3)</sup>	30.0%	36.3%	[REDACTED]

*Notes:*

- (1) To supplement our combined financial statements which are presented in accordance with IFRS, we also presented adjusted profit and adjusted net profit margin as non-IFRS financial measures which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS financial measures provides useful information to potential [REDACTED] and management in understanding and evaluating our operating performance from period to period by eliminating potential impact of nonrecurring item that does not affect our ongoing operating performance.
- (2) We calculated the adjusted profit for the year by adding back the [REDACTED] expenses to the profit for the year as presented in accordance with IFRS.
- (3) We calculated the adjusted net profit margin by dividing adjusted net profit for the year by revenue for the year end and multiplied by 100%.

### Selected Combined Statements of Financial Position

	As at 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	167,267	302,244	296,470
Total current assets	144,483	179,471	138,036
Total non-current liabilities	60,424	147,687	200,121
Total current liabilities	233,433	267,658	128,261
Net current (liabilities)/assets	(88,950)	(88,187)	9,775
Total equity	17,893	66,370	106,124

### Net Current Liabilities/Assets

We had net current liabilities of approximately RMB89.0 million and RMB88.2 million as at 31 December 2018 and 2019, respectively. Our net current liabilities as at 31 December 2018 and 2019 was primarily attributable to a relatively higher balance of payables for construction costs and purchases of property, plant and equipment for our production facility in Shahe town, Laizhou city, of approximately RMB90.8 million and RMB148.9 million, respectively as at 31 December 2018 and 2019, while the corresponding capital expenditure was recorded under our non-current assets.

We had net current assets of approximately RMB9.8 million as at 31 December 2020. The change of net current liabilities position of approximately RMB88.2 million as at 31 December 2019 to net current assets position of approximately RMB9.8 million as at 31 December 2020 is because we continuously generated cash from our operations and by



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replacing short-term borrowings with long-term borrowings while partially offset by the substantial settlement of payables for construction costs and purchases of property, plant and equipment during the year ended 31 December 2020.

### Selected Combined Statements of Cash Flows

	Year ended 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	84,226	100,361	67,539
Net cash used in investing activities	(103,841)	(124,687)	(59,148)
Net cash generated from financing activities	<u>23,913</u>	<u>14,305</u>	[REDACTED]
Net increase/(decrease) in cash and cash equivalents	4,298	(10,021)	43,364
Cash and cash equivalents at beginning of year	7,779	12,077	2,056
Effect of exchange rate changes on cash and cash equivalents	<u>—</u>	<u>—</u>	<u>(57)</u>
Cash and cash equivalents at end of year	<u><u>12,077</u></u>	<u><u>2,056</u></u>	<u><u>45,363</u></u>

### Key Financial Ratios

	Year ended 31 December		
	2018	2019	2020
Return on equity	171.6%	73.0%	68.7%
Return on total assets	9.8%	10.1%	16.8%
Interest coverage	14.3 times	12.7 times	16.9 times

	As at 31 December		
	2018	2019	2020
Current ratio	0.6 times	0.7 times	1.1 times
Quick ratio	0.6 times	0.6 times	0.9 times
Gearing ratio <sup>(1)</sup>	683.0%	218.7%	136.0%
Net debt to equity ratio	615.5%	215.6%	93.2%

*Notes:*

- (1) Gearing ratio was calculated based on total debts divided by total equity as at the respective year end and multiplied by 100%. Debts are defined as payables incurred not in the ordinary course of business, including bank borrowings, lease liabilities, amount due to our Controlling Shareholder and other liabilities in relation to our rental arrangement.
- (2) For the calculation of the other key financial ratio, see “Financial Information — Key Financial Ratios” to this document.

### DIVIDENDS

On 20 January 2020, our subsidiary declared dividends in the total amount of RMB58.0 million to the then shareholders. In December 2020, dividend payment of RMB5.8 million was offset with the amount due from Zhonglian Cement pursuant to an offsetting agreement between the parties. The remaining dividend payable will be fully settled with our own internal resources before the [REDACTED].

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We do not have a pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our Shareholders in a Shareholders’ meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders’ interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the Cayman Companies Act. Historical dividend distributions are not indicative of our future dividend distribution. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

### [REDACTED] STATISTICS

	Based on an [REDACTED] of [REDACTED]	Based on an [REDACTED] of [REDACTED]
[REDACTED] of the Shares <sup>(1)</sup>	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted net tangible assets per Share <sup>(2, 3)</sup>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

*Notes:*

- (1) The calculation of [REDACTED] is based on each indicative [REDACTED] and [REDACTED] Shares in issue immediately after completion of the [REDACTED] and [REDACTED] but takes no account of any Shares which may fall to be issued upon the exercise of the [REDACTED] or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in “Further Information about Our Company — 3. Written resolutions of our Shareholders to be passed on [•]” in Appendix V to this document.
- (2) See “Unaudited Pro Forma Financial Information” in Appendix II to this document for further details regarding the assumptions used and the calculation methods.

### [REDACTED] EXPENSES

Assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of the proposed [REDACTED] range of [REDACTED] to [REDACTED] per Share and the [REDACTED] is not exercised, the total estimated [REDACTED] expenses in connection with the [REDACTED] (including [REDACTED] commission) was approximately [REDACTED] million (equivalent to approximately [REDACTED]). Among the estimated [REDACTED] expenses, (i) approximately [REDACTED] (equivalent to approximately [REDACTED]) is expected to be accounted for as a deduction from equity upon [REDACTED], and (ii) approximately [REDACTED] (equivalent to approximately [REDACTED]) will be recognised as expenses in the profit or loss, of which approximately [REDACTED] (equivalent to approximately [REDACTED]) had been recognised for the year ended 31 December 2020, and the remaining amount of approximately [REDACTED] (equivalent to approximately [REDACTED]) is expected to be recognised for the year ending 31 December 2021, which mainly consists of professional fees and other expenses that would be incurred upon [REDACTED]. Our Directors would like to emphasise that the [REDACTED] expenses above are current estimates and are for reference only. The actual amount to be recognised in the consolidated financial statements of our Group for the year ending 31 December 2021 is subject to adjustment based on audit and the then changes in variables and assumptions and may differ from this estimate.

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## SUMMARY

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### LEGAL PROCEEDINGS AND NON-COMPLIANCES

During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group’s financial condition or results of operations. During the Track Record Period, we experienced three non-compliance incidents in relation to the failure to make social insurance and housing provident fund contributions in full, failure to engage transportation companies with permits for transporting cyanide tailings and non-compliant bill financing arrangements. See “Business — Regulatory Compliance” for further details. Save as the above, our Directors confirm that our Group has complied with all applicable laws and regulations in all material respects, and was not involved in any other legal proceedings or disputes of material importance or subject to any material claims, damages or losses during the Track Record Period and up to the Latest Practicable Date.

### RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

In view of the outbreak of COVID-19 in the PRC, measures including temporary suspension of operations and travel restrictions have been imposed by the PRC government including Shandong province’s local governmental authorities. In order to further reduce the risk of nationwide outbreak of COVID-19 cases during Chinese New Year in 2021, the General Office of People’s Government of Shandong Province has implemented various measures including mandatory COVID-19 testing, quarantine measures and travel restrictions in preventing high volume of cross-provincial travels during the festive period. Although temporary suspension of business operation of some customers outside Shandong province occurred under the implementation of the aforementioned restriction and measures, since late February 2021 and up to the Latest Practicable Date, local governmental authorities has started to loosen the travel restrictions and quarantine measures. Subsequent to the Track Record Period, our Group’s revenue generated from gold mine hazardous waste treatment services and sale of recycled products for the three months ended 31 March 2021 has increased as compared to the corresponding period in 2020.

Our Directors, after careful and due consideration, confirmed that the business, financial condition and results of operation of our Group would not be materially affected by the outbreak of COVID-19. Our Directors will continue to assess the impact of COVID-19 on our Group’s operation and financial performance and closely monitor our Group’s exposure to the risks and uncertainties in connection with the pandemic. We will take appropriate measures as necessary and inform our Shareholders and potential [REDACTED] as and where necessary. For further details, see “Risk Factors — Risks Relating to Our Business and Industry — Ongoing Pandemic of COVID-19 could Significantly Affect Our Production, Demand for Our Services and Products and Our Business.”.

Save as disclosed above, our Directors confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospect of our Company or its subsidiaries since 31 December 2020, being the end of the reporting period in Appendix I to this document, and there has been no event since 31 December 2020 which would materially affect the information shown in Appendix I to this document.