RISK FACTORS

You should carefully consider all of the information in this document, including the following risk factors before making any [REDACTED] decision in relation to the [REDACTED]. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market price of the [REDACTED] could fall significantly due to any of these risks, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of many factors, including the risks described below.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (i) risks relating to our business and industry, (ii) risks relating to conducting our business in the PRC, and (iii) risks relating to the [REDACTED].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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.

The PRC government has promulgated and issued a series of laws and regulations and adopted preferential policies to support the development of the gold mine hazardous waste treatment industry in the PRC. We benefit directly and indirectly from such laws, regulations and policies. Favourable government policies, such as issuing guiding policies and subsidies, providing tax incentives, setting access and technical specifications, and strengthening supervision, are one of the key market drivers for the gold mine hazardous waste treatment industry in the PRC which we operate.

For example, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) issued by the Ministry of Ecology and Environment in April 2020 clarified reduction, resource utilisation, and harmlessness as the principles for the prevention and control of solid waste pollution. The Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》) also encouraged taxpayers to comply with the national and local protection standards. Further, the Recommendations of the Central Committee of the Communist Party of China on Formulating the Fourteenth Five-Year Plan for National Economic and Social Development and Long-Term Goals for 2035 (《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議》) underlined the importance of improving the collection and treatment of hazardous waste and improving the utilisation efficiency of mineral resources, guiding the development of the gold mine hazardous waste treatment industry in the long run. For details, see "Industry Overview" in this document. However, we cannot predict how and to what extent the government policies will affect the gold mine hazardous waste treatment industry as a whole or any sub-segments. Therefore, you should not regard the PRC government's intentions or announcements as an indication of the future prospect of our industry or our future performance as we may not directly or indirectly benefit from any future amendments to the relevant laws or regulations, or changes to governmental policies. In the event of any changes to laws, regulations or government policies, if we cannot respond effectively and in a timely manner, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

We are exposed to environmental compliance risks due to the nature of our operations.

We are exposed to environmental compliance risks due to the nature of our operations of gold mine hazardous waste treatment services and production and sale of recycled products business. Despite our pollutant control efforts, our production facilities generate gas and water pollutants. We have to closely monitor the pollutants to ensure our compliance with the applicable environmental laws and regulations. In addition, we may need to modify or upgrade our production facilities or equipment if the applicable environmental laws and regulations become tightened. The types and amounts of pollutants from our production facilities may increase unexpectedly due to a number of factors, including (i) increase in the volume of the gold mine hazardous wastes that we are required to treat, (ii) poor quality or mix of the gold mine hazardous wastes that we are required to treat, and (iii) downtime or occurrence of accidents at our production facilities or natural disasters. If we are unable to adequately and effectively operate our facilities in compliance with the relevant environmental laws and regulations, we may be subject to penalties or liabilities, and our reputation may be negatively affected. If we cannot manage our environmental compliance risks efficiently, or at all, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

We have a concentration of customers during the Track Record Period, which may cause our business to be materially and adversely affected.

We have a concentration of customers during the Track Record Period. 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, and our largest customer accounted for 22.6%, 21.4% and 27.3% of our total revenue for the respective years. In addition, we had a concentration of credit risk as at 31 December 2018 and 31 December 2020 as approximately 62.7% and 72.5% of the total trade receivables were due from our five largest customers as at 31 December 2018 and 2020, respectively. There is no assurance that these major customers will continue to enter into contracts with us at fees acceptable to our Group or they will remain as financially sound in the future. In the event that these customers encounter financial difficulties and our Group is not able to recover any amount due from these customers or diversify our customer base, our business, results of operations, profitability and liquidity may be adversely affected.

We generally do not enter into long term contracts with commitment on minimum transaction amount with our customers.

We generally do not enter into long-term contracts with commitment on minimum transaction amount with our customers. Our contracts regarding gold mine hazardous waste treatment services are geographically concentrated in Shandong province and may be affected by local policies, events and economic conditions, especially in Shandong province. Our contracts regarding the sale of recycled products are affected by the demands of recycled products from time to time. Our customers may reduce or cease to engage us for providing services or purchase recycled products from us at any time in the future.

There is no guarantee that our existing or future contracts with customers can be negotiated on terms and prices equivalent to or better than the current terms and prices. If any of our customers substantially reduce their business engagements or terminate their business relationship with us and we are unable to develop new customers on a timely basis and with similar terms, if at all, our business and results of operations would be materially and adversely affected. Moreover, the number and value of contracts that we are able to obtain may fluctuate from year to year and we cannot assure you that we will be able to continue to obtain new contracts on terms commercially acceptable to us or that the new contracts will be profitable at current levels, or at all. If we are unable to obtain new contracts for our business expansion, our financial conditions, and results of operations could be materially and adversely affected.

Ongoing pandemic of COVID-19 could significantly affect our production, demand for our services and products and our business.

The ongoing pandemic of COVID-19 since early 2020 has caused significant disruption to the PRC and world-wide economic activities. The PRC government has urged the public to avoid crowds and gatherings to facilitate better anti-pandemic prevention and control, which could affect consumer activities in the affected areas. The outbreak was also declared a public health emergency of international concern and a global pandemic by the World Health Organisation, which is expected to result in a high number of fatalities is likely to have an adverse impact on the livelihood of the people and the global economy. Meanwhile, the nature and origins of COVID-19, ways of transmission and methods of preventing and controlling the COVID-19 have not been fully discovered. As at the Latest Practicable Date, there remained substantial uncertainties as to how this pandemic would develop and our Company cannot yet fully ascertain the expected impact. We are uncertain as to when the outbreak of COVID-19 will be constrained. A continuing spread or future recurrence of COVID-19 in the PRC or any other parts of the world may cause disruption to regional or national economic activity, including temporary suspension of gold mines and production facilities, restriction of province-to-province transportation and quarantine measure across different provinces in the PRC as anti-pandemic measures to ensure the health and safety of their residents, which may affect business activities in the affected areas and, therefore, reduce demand for our gold mine hazardous waste treatment services and our recycled products. Given the uncertainties in the development of COVID-19 and its effects on the global economy, we cannot assure you that COVID-19 will not materially and adversely affect our business, financial conditions and operations. COVID-19 may also result in limitations on and potential delays in transportation of gold mine hazardous waste and our recycled products as well as disruption of raw material and consumables supplies, affecting our Group's inability to fulfil its customers' requirements. Frequent or prolonged occurrences of any of these events could have an adverse effect on our business, financial conditions, results of operations and prospects. The time required to rectify such problems may be lengthy, and may result in significant increases in costs or reduction in revenue.

Changes in tax incentives may materially and adversely affect our business, financial position and results of operations.

For the years ended 31 December 2018, 2019 and 2020, our effective tax rate (equals income tax expenses diluted by profit before income tax) were approximately 23.7%, 23.6% and 24.5%, respectively, whilst the statutory corporate income tax is at the rate of 25% during the Track Record Period. We enjoyed tax reduction as certain subsidiaries of our Group, engaging in comprehensive utilisation of resources, were entitled to a reduction in the profit before income tax by an amount equivalent to 10% of the revenue from sales of recycled products in the calculation of corporate income tax payable in accordance with the relevant tax rules and regulations of the PRC during the Track Record Period. We cannot assure you that we will continue to qualify for such preferential tax treatment in the future. If we fail to maintain the preferential tax treatment, our applicable enterprise income tax rates would be increased to 25%, which could have a material adverse effect on our financial position and results of operations. Elimination of, or other adverse changes to, any tax incentives could adversely affect our financial position and results of operations. In addition, the PRC government, from time to time, adjusts or changes its policies on value-added tax, business tax and other taxes. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial position and results of operations.

We do not enter long-term agreements with our suppliers of goods and services. Any changes in the supply and costs of consumables and transportation costs may materially and adversely affect our operations and profitability.

We believe that our continuing success depends on our ability to obtain adequate supplies of goods and services, including consumables and transportation services, on commercially acceptable terms and in a timely manner to support our operations and future plan. 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 (iv) suppliers for other services such as laboratory testing. For details, see "Business — Purchase of Services and Goods" in this document. For the years ended 31 December 2018, 2019 and 2020, consumables used accounted for approximately 6.9%, 6.8% and 6.8% of our total cost of sales, respectively, while our total transportation costs incurred in our operation accounted for approximately 54.3%, 49.5% and 46.3% of our total cost of sales, respectively.

We do not enter into long-term agreements with our suppliers of goods and services, and we currently source our suppliers locally. If any of our key suppliers is unable to continue providing us with goods and services at reasonable prices and at quality and quantity we required, or that they relocate to a new region, we may need to find new reliable local suppliers. If we are unable to find alternative suppliers of goods and services on similar terms and conditions in a timely manner, our business may be interrupted and/or our cost of sales may increase, which could materially and adversely affect our business operations and results of operations.

Further, the prices and availability of our goods and services depend on a variety of factors beyond our control, for example, the price of xanthate was impacted by the price of butanol, being its main raw material, and transportation costs is mainly affected by gasoline and diesel prices in the PRC. We therefore cannot guarantee that our cost of sales will remain stable at current levels or that we will not experience difficulties in obtaining supplies of goods and services in the future. Should there be any significant increases in the relevant costs, and our Group is unable to pass on such increased costs to our customers, our business and profitability may be materially and adversely affected. If we pass on increased costs to our customers, our pricing may become less competitive and may lead to loss of orders or customers.

We recorded net current liabilities as at 31 December 2018 and 2019. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks.

We recorded net current liabilities of approximately RMB89.0 million and RMB88.2 million as at 31 December 2018 and 2019, respectively, which was primarily due to a large amount of payables for construction costs and purchases of property, plant and equipment for our second production facility in Shahe town, Laizhou city during the year, while the corresponding capital expenditure was recorded under our non-current assets. We recorded net current assets of approximately RMB9.8 million as at 31 December 2020. See "Financial Information — Liquidity and Capital Resources — Net Current Liabilities/Assets" in this document for further discussion.

We cannot assure you that we will not record net current liabilities again in the future. A net current liabilities position exposes us to liquidity risks. Our future liquidity, the payment of trade and other payables and the repayment of debt financing will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations, our liquidity position may be materially and adversely affected, which, in turn, may impact our ability to execute our business strategies. If such event occurs, our results of operations and financial position will be materially and adversely affected.

We may incur increasing compliance costs to comply with applicable laws, regulations or standards relating to our operations.

The nature of our business requires us to comply with applicable government policies, laws, regulations and industry standards relating to our operations. Such regulations cover a wide variety of matters, including but not limited to labour regulations, social insurance and occupational safety. In addition, the PRC government may impose stricter standards and regulations in the future, which may require replacement or upgrade of our current system or operations. Any increase in compliance or other operating costs resulting from the implementation of additional measures and/or failure to comply with new laws or regulations may increase our compliance costs and could have an adverse effect on our business, financial conditions, results of operations and prospects.

Failure to maintain an effective quality control system may have a material adverse impact on our business.

We believe that the capability to provide high-quality recycled products is one of our key competitive advantages. Thus, the effectiveness of our quality control system is of utmost importance to our customers. This requires us to adopt a stringent quality control system and to invest capital and human resources to ensure that every step in implementing the quality control system is being strictly monitored. If we are unable to maintain or implement our quality control system effectively, we may suffer a decrease in demand for our recycled products and become less competitive in our market. Our subsidiary has been granted the certificate of conformance for our quality management system, environmental management system and occupational health and Safety management systems, which conform to the standards of ISO 9001, ISO 14001 and OHSMS 18001, respectively, for our operations. These certifications signify that our operations meet the benchmark quality standards and we believe they are critical to our hazardous waste treatment services and sale of recycled products. These certifications will be expired every three years and we will need to apply for renewal. There is no assurance that renewal for such certifications would be successful. In the event that we do not obtain or renew any of such certifications, our ability to market our business activities may be impaired. As a result, our business, financial conditions and results of operations may be adversely affected.

Our business may be adversely affected if there is any significant downtime at our production facilities for repair and maintenance, or if we fail to achieve sufficient utilisation of our production facilities.

We anticipate downtime for routine repairs and maintenance at our production facilities. During the Track Record Period, we temporarily suspended our production operation of our production facility in Jincheng town, Laizhou city from 13 November 2019 to 19 January 2020. The time and cost required for the repair and maintenance may exceed our expectations, depending on various factors, including (i) whether the required repair can be conducted on-site, (ii) the extent of damage, and (iii) the availability of replacement components. In addition to routine repair and maintenance, extraordinary or extensive repair and maintenance may be required as a result of certain unexpected events, such as catastrophes, which may lead to substantial damages. If our production facilities experience prolonged downtime, our operations could be materially disrupted. Any significant downtime at our production facilities may reduce our utilisation of such production facilities, lead to breach of agreements with our customers, and materially and adversely affect our business, financial conditions and results of operations.

Further, each of our production facilities has been constructed with a specific designed treatment capacity. For details, see "Business — Our Production Facilities — Production Capacity and Utilisation Rate" in this document. A number of factors may affect the utilisation of our production facilities, including operating hours and efficiency of our machinery and availability of gold mine hazardous wastes to be treated. For example, if there is a decreasing demand for gold mine hazardous waste treatment services from our upstream customers due to their reduced gold production as a result of economic downturns, our utilisation of our production facilities will be adversely affected. As such, we cannot assure you that our production facilities can achieve their respective designed capacity. Failure to achieve sufficient utilisation of our production facilities may materially and adversely affect our business, financial conditions and results of operations.

We may fail to obtain or maintain the approvals, permits, licences and certificates required for our operations.

We are required to obtain various approvals, permits, licences and certificates from various governmental authorities for our operations. For details, see "Business — Licences and Permits" in this document. These approvals, permits, licences and certificates are subject to periodic review and renewal by governmental authorities, and the standards of compliance may be changed from time to time without notice in advance. For example, the Hazardous Waste Business Licence is generally valid for five years and should be renewed upon expiration by the holder in order to continue to conduct its gold mine hazardous waste treatment business. Any changes in the existing policies in relation to the renewal criteria or standards of compliance may result in our failure to renew or maintain such approvals, permits, licences and certificates.

We may be subject to additional social insurance fund and housing provident fund contributions and late payments or fines imposed by relevant regulatory authorities.

Under the relevant PRC laws and regulations, we are required to make social insurance fund and housing provident fund contributions for our employees. During the Track Record Period, we did not make full social insurance fund and housing provident fund contributions for some of our employees. For the year ended 31 December 2018, 2019 and 2020, the carrying amount of our provisions for the underpaid amount of our social insurance fund and housing provident fund contributions amounted to approximately RMB1.1 million, RMB1.7 million, and RMB2.0 million, respectively. As advised by our PRC Legal Advisers, in respect of outstanding social insurance contributions, the relevant PRC authorities may demand that we pay the outstanding social insurance funds within a stipulated deadline and a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times of the overdue amount. In respect of the outstanding housing provident fund contributions, we may be required by the relevant PRC authorities to pay the outstanding amount to the housing provident funds within a prescribed time frame. If we fail to pay housing provident fund contributions within the prescribed deadlines, an application may be made to the relevant people's court for compulsory. As at the Latest Practicable Date, we had not received any notification from the relevant authorities demanding payment of the outstanding social insurance funds and housing provident funds. However, we cannot assure you that we will not be subject to any order in the future to rectify such non-compliance, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the social insurance funds and housing provident funds under the relevant laws and regulations implemented at the national, provincial or local level. We may also incur additional expenses to comply with the relevant laws and regulations implemented by the national, provincial or local authorities.

We engaged transportation companies which did not fully comply with the applicable PRC laws and regulations during the Track Record Period and may face investigation, prosecution, administrative penalties and other administrative measures by the relevant authorities.

During the Track Record Period, we had engaged transportation companies which did not possess permits in accordance to the Safety Management of Dangerous Goods in Road Transport (《危險貨物道路運輸安全管理辦法》) for the operation of road transport of dangerous goods for transporting gold mine hazardous waste in Laizhou city. For further details, see "Business — Regulatory Compliance — (ii) Transportation of Cyanide Tailings" in this document. We cannot assure you that there will not be any future investigation, prosecution, administrative penalties and other administrative measures against us in respect of this non-compliance incident, and any actions against us could have an adverse effect on our business, financial conditions, cash flow and results of operations.

We were previously involved in bill financing transactions that were not fully complied with the relevant PRC laws.

We were previously involved in bill financing transactions. See "Business — Regulatory Compliance — (iii) Bill Financing" for further details. As advised by our PRC Legal Advisers, these bill financing transactions were not in compliance with Article 10 of the Negotiable Instruments Law of the PRC (《中華人民共和國票據法》), which provides that bank acceptance bills must be issued on the basis of actual underlying transactions and debt relationship. Although we have ceased the bill financing transactions, there is no assurance that the relevant regulatory authorities will not penalise us for these bill financing arrangements in the future. Any such penalties may materially and adversely affect our business, financial conditions and operations.

We may be subject to potential adverse consequences due to our lack of relevant construction procedures and valid title certificates in respect of certain properties we occupied in the PRC.

As at the Latest Practicable Date, we had not obtained title certificates for four buildings with a total gross floor area of approximately 1,986 sq.m. located on land parcel owned by us in the PRC. These properties are mainly non-production facilities and are not used for our operation or offices. As advised by our PRC Legal Advisers, we could be ordered by the relevant PRC authorities to demolish these properties within a time limit. If the properties cannot be demolished, the properties or the unlawful income would be confiscated and we could be liable to a fine of up to a maximum of 10% of the construction costs in respect of the properties. There is also no assurance that the relevant government authorities will not impose administrative penalty on us, or demolish or suspend the usage of such properties in the future. In the event that we are required to demolish or suspend the usage such properties, we may have to divert resources to relocate, and relocation cost and time will be involved, which may adversely affect our operations, business and profitability. For details of our property defects, relevant laws and regulations, remedial actions taken and the views of our PRC Legal Advisers, see "Business — Our Properties" in this document.

We may be subject to administrative penalties as we have not registered all of our leased agreements with competent construction or real estate administration authorities.

Pursuant to applicable PRC laws and regulations, lease agreements must be registered with competent construction or real estate administration authorities. As at the Latest Practicable Date, we failed to register four lease agreements, either as the lessor or lessee. Under PRC laws and regulations, the parties concerned with these properties lease may be subject to administrative fines for failing to register the lease agreement within a prescribed period as required by the competent authorities. Our PRC Legal Advisers advised that we may be ordered to rectify our failures to register and, if we fail to do so within a prescribed period, a penalty of between RMB1,000 and RMB10,000 per agreement may be imposed on us as a result. The estimated total amount of penalty for our failure to file our lease agreements is RMB4,000 to RMB40,000. In the event that our leases are deemed by the relevant authorities to be invalid, we intend to find alternative locations nearby and relocate relevant offices. We may incur additional relocation costs and cannot assure you that we will be able to find alternative locations in a timely or effective manner.

Our operations are subject to inherent operational and safety risks.

Due to the nature of our business, the treatment of gold mine hazardous wastes and the production of recycled products involves safety risks and hazards, such as equipment failure, weather interferences, natural disasters and industrial accidents. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of our services, payment of compensation or even imposition of administrative or criminal penalties which could in turn cause us to incur costs for compensation that exceed our insurance coverage, if any, as well as damage to our reputation. We will be responsible if we fail to comply with any applicable laws and regulations or to perform specific contractual obligations. We cannot assure you that we will be able to prevent the occurrence of environmental or safety incidents at our production facilities or to remain in compliance with all applicable safety requirements and standards. Any material safety incidents or non-compliances, including but not limited to the above events, may have a material adverse effect on our business, financial conditions, results of operations and prospects.

We may be unable to successfully and/or effectively implement partially or in full our future business plans and business strategies.

Our success is dependent on, among other things, our proper and timely execution of our future business plans. It is our aim to increase our production capacity and capabilities to solidify our market position and strengthen our research and development capabilities. We expect to continue increasing penetration in existing markets. Our expansion plans may expose us to various risks. Thus, we depend on our ability to effectively manage our growth or implement our business strategies. As our operations grow in size, scope and complexity, we will incur significant costs and allocate additional resources to strengthen and develop relationships with our existing and potential customers, expand our sales and marketing efforts, hire and retain experienced employees, enhance our technological infrastructure, explore strategies for our services, stabilise our operational efficiency and improve our financial systems and internal control. However, the likelihood of returns on such investments may not be achieved for a few years, or possibly at all. Our current and future expansion plans will also require significant managerial attention and resources in order for us to flourish.

Moreover, our future business plans may be hindered by factors beyond our control, such as relevant regulatory and licensing approval requirements and any subsequent changes thereof, competition within the industry we operate, our ability to cope with financial risk, operational risk and market risk as our business and customer base expands, and our ability to provide, maintain and improve the level of human and other resources in serving our customers. As a result, we cannot assure that our future business plans will materialise in accordance with the timetable, or at all, or that our objectives will be accomplished fully or partially, or that our business strategies will generate the intended benefits to us as initially contemplated. If we fail to implement our expansion plans and business development strategies successfully, our business performance, financial conditions and future prospects and growth could be materially and adversely affected.

For details of our future business plans and business strategies, see "Future Plans and Use of [REDACTED]" and "Business — Business Strategies" in this document.

If we cannot be properly insulated from the rising staff costs, or if we cannot protect our employees from work injury or occupational diseases, our results of operations may be adversely affected.

With the rapid growth of the PRC's economy and the mining industry, the average wage of workers in the mining industry has risen continuously in recent years, increasing from RMB59,404 per year in 2015 to RMB93,020 per year in 2020. Similarly, due to the increasing public awareness of environmental issues, the growing government investment in environmental protection, and the protection for employees enhanced and employers' liability increased pursuant to the PRC Labour Contract Law (《中華人民共和國勞動合同法》), the average wage of employees in the environmental protection industry in China has risen from RMB43,528 per year in 2015 to RMB65,860 per year in 2020. If we are unable to pass on any increase in the staff costs to our customers, our results of operations may be adversely affected.

Our employees are exposed to certain safety risks as our employees have to engage in certain inherently hazardous activities, including the use of heavy machinery and working with hazardous waste. If we cannot protect our employees from work injury or occupational disease, we may be subject to claims from our employees which may materially and adversely affect our business, financial conditions, results of operations and reputation.

We may not be able to successfully achieve or manage the growth of our business and our historical expansion and results of operation may not be indicative of our future performance.

We have experienced overall growth in revenue and profit during the Track Record Period, particularly in late 2019 and 2020, which was principally due to the commencement of operation of our production facility in Shahe town, Laizhou city. Therefore, our results of operations during the Track Record Period differed substantially from, and may not be comparable with, previous respective years. We provide no assurance that we will be able to sustain similar financial growth in the future. Therefore, our historical financial results may not be indicative in assessing our performance, and year-to-year comparisons of our results of operations should not be relied upon as an indication of our performance for any future period.

Our success depends upon our ability to retain key members of our management team and other qualified personnel.

We attribute our success to the leadership and contributions of our management team. Our continued success is largely dependent on our ability to retain the services of these key management personnel. The loss of their services without timely and suitable replacement may materially and adversely affect our business, financial conditions and results of operations.

Our continued success and the implementation of our expansion plans also depend to a large extent upon our ability to attract and retain other qualified personnel, including but not limited to technicals, machinery operators, and chemists who have the necessary experience and expertise to conduct our business. According to the F&S Report, mine solid waste treatment business requires experts in chemistry, mechanics, environmental, engineering design and other industries. More specifically, for hazardous mine solid waste treatment companies, in order to obtain the licence, it is required to retain technicians majoring in environmental engineering or relevant fields with professional titles at intermediate levels or above, and with sufficient years of solid waste pollution treatment experience. There may be a limited local supply of adequately skilled engineers and technicians to conduct our hazardous waste treatment business. If we are unable to attract and retain a sufficient number of such qualified personnel, our business, financial conditions and results of operations may be materially and adversely affected.

Our managerial, operational and financial resources may be strained due to our rapid growth and business expansion.

Our sales of recycled products recycled and extracted from the gold mine hazardous wastes collected from our upstream customers may fluctuate from period to period, and there is no guarantee that we will be able to effectively manage our growth. The differences in operating cash costs may have an adverse effect on our profit margins, financial conditions and results of operations.

Our future expansion may place a significant strain on our managerial, operational and financial resources. In order to better allocate our resources to manage our growth, we must hire, recruit, manage our workforce effectively and implement adequate internal controls in a timely manner. Our risk management and internal control system may not be effective or adequate. If we fail to maintain sufficient internal sources of liquidity and secure external sources of funding for future growth, we may encounter, among other things, significant delays in production and operational difficulties. If we are unable to attract and retain a sufficient number of such qualified personnel, our business, financial conditions and results of operations may be materially and adversely affected.

Our insurance coverage may not adequately cover the risks related to our business and operations.

We maintain insurance in accordance with good and prudent industry practice. Our main assets include, among others, our production facilities, which are exposed to risks of equipment failure, natural disasters, environmental hazards and industrial accidents, which may cause significant personal injury or death, severe damage to, and destruction of, property, plant and equipment, contamination of, or damage to, the environment and suspension of our business operations. In addition, the operation of our production facilities may be interrupted upon occurrence of many factors beyond our control, including supply interruptions, the breakdown or failure of equipment, difficulty or inability to find suitable replacement parts for equipment, extreme weather conditions, workplace accidents involving personal injuries or deaths and unforeseen engineering and environmental problems.

Based on the level of our operational risks, we have entered into insurance policies to cover certain risks associated with our business. For details, see "Business — Insurance" in this document. However, such insurance policies may have qualifications or limitations, and we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise. We cannot assure you that we will be able to renew these insurance policies on similar, or otherwise acceptable, terms, if at all. In addition, we cannot assure you that we have maintained adequate insurance. For example, certain types of insurance, such as insurance covering losses from acts of war or terrorism, are not available in the PRC at a reasonable cost or at all. If we were to incur significant uninsured losses, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

We may be subject to litigations, claims or other disputes for our operations.

We may from time to time encounter disputes arising from contracts with customers, suppliers or other third parties, which may involve claims against them or us. Claims against us by our customers may involve substandard recycled products, which may result in us incurring liquidated damages under the terms of our contracts with our customers. On the other hand, claims may arise after disputes with suppliers due to any delay of payment to suppliers. We may also be liable for injuries sustained by our employees during their course of work. Should any claims against us fall outside the scope and/or limit of our insurance coverage, our financial condition may be adversely affected. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures. Expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business, financial condition, results of operations and business prospects. Moreover, legal proceedings resulting in unfavourable judgment or findings may harm our reputation and damage our prospects of securing future contracts, thereby materially and adversely affecting our results of operations and business prospects.

We may not be able to adequately protect our intellectual property rights in relation to our research and development technology, which could result in losses to our revenue and profit and could, in turn, materially and adversely affect our business, financial position and results of operations.

We own intellectual property, such as trademarks, a patent and a domain name, that are material to our business and are in the process of applying for registration of patents that are material to our business. For further details, see "Further Information About the Business of Our Group — 9. Intellectual Property Rights of Our Group" in Appendix V to this document. Intellectual property laws in the PRC are still evolving, and the level of protection and means of enforcement of intellectual property rights in the PRC differ from those in other jurisdictions. Enforcement of our intellectual property rights could be costly, and we may not be able to immediately identify unauthorised use of our intellectual properties and take the necessary steps to enforce our rights over such properties. In the event that the steps that we have taken and the protection afforded by law do not adequately safeguard our intellectual property rights, or we are not able to register or defend our intellectual property rights, our business, financial position and results of operations would be materially and adversely affected.

We could also face claims or allegations by others that we are improperly using intellectual property owned by them or otherwise infringing their rights in intellectual property. Irrespective of the validity or merit of such claims or allegations, we could incur costs in either defending or settling any alleged intellectual property infringement. Adverse rulings in any litigation or proceedings could result in the loss of our intellectual property rights and we may as a result be subject to significant liabilities or even business disruption. Any potential intellectual property litigation against us could also force us to cease selling or using the disputed products, to commence the development of non-infringing alternatives, or to obtain licences from owner of the infringed intellectual property. We may not be successful in developing such alternatives or obtaining such licences on reasonable terms or at all, which could damage our reputation, and materially and adversely affect our business, financial position and results of operations.

Our continued growth depends on our research and development capabilities, which may not yield expected results, and we may not be able to adapt to rapidly changing technologies in a timely manner, or at all.

Our continued growth depends on our ability to continue to innovate and research and develop our abilities to meet evolving market needs for gold mine hazardous waste treatment services and recycled products. During our operation process, other than the extraction of pyrite concentrate and gold-bearing pyrite concentrate, we also extract high silicon tailings from the gold mine hazardous waste collected from our upstream customers. High silicon tailings can be further processed to construction aggregates for construction companies and some other recycled products as by-products for sale. We cannot assure you that we will be able to timely identify and respond to new trends in the future, nor can we assure you that we can accurately predict future industry trends and market demand. The new recycled products we introduce may not achieve widespread market acceptance, and our investment in the production of such recycled products may not achieve the level of returns that we anticipated.

We are a holding company and rely primarily on dividends paid by our subsidiaries to fund any cash and financing requirements we have, and our ability to pay dividends depend on the earnings and distributions of our subsidiaries.

We are a holding company and we conduct our business operations primarily through our subsidiaries in the PRC. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and restrictive covenants on making payments to us contained in the financing or other agreements. If any of our subsidiaries incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from our subsidiaries, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. In addition, the declaration of dividends will be at the absolute discretion of the boards of our subsidiaries. Furthermore, payments of dividends by our subsidiaries are subject to restrictions under the applicable laws and regulations in the PRC. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness.

Our Controlling Shareholders have the ability to exercise substantial control over us and can influence our business in ways which may not be in the best interests of our other Shareholders.

Our Controlling Shareholders will control [REDACTED]% of the issued share capital of our Company upon completion of the [REDACTED] and the [REDACTED] assuming no exercise of the [REDACTED] and Share Option Scheme (or approximately [REDACTED]% assuming the [REDACTED] is exercised in full). Accordingly, our Controlling Shareholders may (subject to the Articles of Association and the applicable laws and regulations) be able to control or otherwise influence our major policy decisions in ways that may not always be in the interests of other Shareholders, including overall strategic and investment decisions, dividend plans, issuances of securities and adjustments to the capital structure and other actions that require the approval of our Shareholders, which could result in decisions which may not be in the interests of our other Shareholders.

RISKS RELATING TO CONDUCTING OUR BUSINESS IN THE PRC

Possible changes in the economic, political and social conditions in the PRC and policies adopted by the PRC government could adversely affect our business, prospects, financial conditions and results of operations.

We conduct our business operations within the PRC. Accordingly, our financial condition and results of operations are influenced by the economic, political and social conditions, legal development, and government policies of the PRC. Although the PRC's economy has been transitioning from planned economy to a more market-oriented economy for over four decades, China's economy differs from the economies of most development countries in many aspects, including with respect to the portion of state-owned productive assets, the amount of government involvement, level of development, growth rate, governmental control of foreign exchange and allocation of resources. In recent years, the PRC government has implemented economic reform measures emphasising the use of market forces to drive economic development. However, any economic reform policies or measures in the PRC may from time to time be modified, revised, or applied inconsistently from industry to industry or across different regions of the country. As a result, some of these measures may benefit the overall PRC economy but have a negative effect on the industries in which we operate and subsequently our business.

The PRC has been one of the world's fastest growing economies as measured by GDP in recent years. However, there can be no assurance that the PRC economy will be able to sustain such a growth rate, and the PRC GDP growth has experienced a slowdown since 2012, and growth has been uneven across different regions and among various economic sectors. All of our revenue during the Track Record Period were generated within the PRC. As such, our future success is substantially dependent on economic, political and social conditions in the PRC. Any adverse changes in the PRC's political and social conditions or any slowdown or recession of the PRC's economy could have a material and adverse effect on our business, financial, results of operations and prospects.

The inherent uncertainties as to the interpretation and implementation of laws of the PRC could limit the protection available to us and to our Shareholders.

Our business and operations are conducted in the PRC and are governed by PRC laws, regulations and rules. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference, but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protections to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. As many of these laws, regulations and rules are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws, regulations and rules may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws, regulations and rules may be protracted and could result in substantial costs and diversion of resources and management attention.

In addition, there can be no assurance that the PRC government will not amend or revise existing laws, regulations or rules to require additional approvals, licenses or permits, or to impose stricter requirements or conditions for the approvals, licenses or permits required for our business and operations. Any loss of or failure to obtain or renew our approvals, licenses or permits could disrupt our operations and subject us to fines or penalties imposed by the PRC government. There can also be no assurance that the PRC government will not amend or revise existing laws, regulations or rules, or promulgate new laws, regulations or rules that have a material and adverse effect on our business, operations growths or prospects.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on foreign laws against us and our Directors and senior management.

All of our assets are located in the PRC. In addition, almost all of our Directors and executive officers reside in the PRC and their personal assets may also be in the PRC. Therefore, [REDACTED] may encounter difficulties in effecting service of process from outside the PRC upon us or most of our Directors and executive officers.

Furthermore, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements awarded by courts in the BVI, the Cayman Islands and most other western countries. Hence, the recognition and enforcement in the PRC of judgements of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

We may be considered a "resident enterprise" under the EIT Law and income tax on the dividends that we receive from our PRC operating subsidiaries may increase.

Our Company was incorporated in the Cayman Islands. We conduct our business through operating subsidiaries in the PRC. Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and thus will generally be subject to enterprise income tax at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the Regulation on the Implementation of EIT Law, effective as at 1 January 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". Currently, our management is primarily based in the PRC, and may continue to be based in the PRC in the future. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual resident(s), as in our case.

If we were considered a PRC resident enterprise, we would be subject to enterprise income tax at the rate of 25% on our global income, and any dividend or gain on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If our global income were to be taxed under the EIT Law, our financial position and results of operations would be materially and adversely affected.

Under the EIT Law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with China and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement.

We invest in our PRC operating subsidiaries through our Hong Kong subsidiaries. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Double Tax Avoidance Arrangement**") and other applicable PRC laws, our Hong Kong subsidiaries will be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries. However, the SAT promulgated the Announcement on Certain Issues Concerning the Beneficial Owner in a Tax Agreement (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) ("**Circular 9**") on 3 February 2018, effective as 1 April 2018, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits. It is possible, however, that under Circular 9 our Hong Kong subsidiaries would not be considered the "beneficial owner" of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favourable 5% rate applicable under the Double Tax Avoidance Arrangement and other applicable PRC laws. In that case, our financial position and results of operations would be materially and adversely affected.

You may be subject to PRC income tax on dividends from us or on any gain realised on the sale or other disposition of our Shares under PRC law.

Under the EIT Law and EIT Law Implementation Rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from sources within the PRC payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment if the relevant income is not effectively connected with the establishment. Any gain realised on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%, and gains from PRC sources realised by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realised from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of our investors' investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

The PRC government's control over currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

Renminbi is not presently a freely convertible currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There is no assurance that, under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends following completion of the [REDACTED], do not require prior approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE. There is no assurance that we will be able to receive these approvals in time, or at all. This could restrict the ability of our PRC subsidiaries to obtain debt or equity financing in foreign currencies.

The existing foreign regulations allow us, following completion of the [REDACTED], to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that the PRC government will continue to adopt this policy going forward. The PRC government may also restrict our access to foreign currencies for current account transactions at its discretion. Any insufficiency of foreign currencies may impair our ability to obtain sufficient foreign currencies for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements.

Fluctuations in the value of Renminbi and other currencies could have an adverse effect on our business, financial condition and results of operations.

The fluctuations in the value of Renminbi against the Hong Kong dollar, the US dollar and other currencies is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces and the PRC government's policies will continue to impact Renminbi exchange rates going forward. The Renminbi may appreciate or depreciate significantly in value against the Hong Kong dollar, the US dollar or other foreign currencies in the long term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full float, which may also result in significant appreciation or depreciation of the Renminbi against the US dollar or other foreign currencies.

Even though substantially all of our revenue and expenses are denominated in Renminbi, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets and earnings. In particular, [REDACTED] from the [REDACTED] are made in Hong Kong dollars. Any unfavourable movement in the exchange rate of the Renminbi against the Hong Kong dollar may adversely affect the value of our [REDACTED] from the [REDACTED]. In addition, any unfavourable movement in the exchange rate of the Renminbi against other foreign currencies may also lead to an increase in our costs, which could adversely affect our business, financial conditions and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares.

Prior to the [REDACTED], there has been no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the market price for our Shares following the [REDACTED]. We have applied for [REDACTED] of and [REDACTED] our Shares on the Stock Exchange. A

[REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our [REDACTED] will develop, or if it does develop, will be sustained following the [REDACTED].

The trading volume and market price of our Shares may be volatile, which could result in substantial losses for [REDACTED] purchasing Shares in the [REDACTED].

The trading volume and market price of our Shares following this [REDACTED] may be volatile. The following factors may affect the trading volume and market price of our Shares:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or departure of key personnel by us or our competitors;
- changes in earnings estimates or recommendations by financial analysts;
- the history of, and the prospects for, us and the industry in which we compete;
- potential litigation or regulatory investigations;
- announcements of new investments, strategic alliances and/or acquisitions in our industry; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. We can give no assurance that these developments will not occur in the future.

In addition, in recent years, stock markets in general, and particularly the shares of companies with substantial operations in the PRC, have experienced increasing price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of such companies. As a result, [REDACTED] in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the [REDACTED] or the issuance of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional Shares in future [REDACTED].

A certain number of our [REDACTED] held by existing Shareholders are or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the [REDACTED]. See "[REDACTED] — [REDACTED] — [REDACTED] — Undertakings to the Stock Exchange Pursuant to the Listing Rules" and "[REDACTED] — [REDACTED] — [REDACTED] — Undertakings Given to the Hong Kong [REDACTED]" in this document. After the lapse of the above mentioned restrictions, future sales or perceived sales of substantial amounts of our [REDACTED], or the possibility of such sales by us, could negatively impact the market price of our [REDACTED] and our ability to raise equity capital in the future.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The [REDACTED] is expected to be determined on the [REDACTED]. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, [REDACTED] may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favourable return. For details of our intended use of [REDACTED], see "Future Plans and Use of [REDACTED]" in this document. However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net [REDACTED] from this [REDACTED].

Purchasers of Shares will experience immediate dilution as a result of the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

As the [REDACTED] is higher than the net tangible book value per Share of our Shares immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution in pro forma adjusted net tangible assets of (i) [REDACTED], and (ii) [REDACTED] per [REDACTED], assuming an [REDACTED] of (i) [REDACTED], and (ii) [REDACTED] per [REDACTED], that being the approximate mid-point of the stated [REDACTED] Range, respectively (taking no account of any options which may be granted under the share option scheme or any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]).

We may need to raise additional funds in the future to finance further expansion or new developments relating to our existing or new contracts. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the [REDACTED].

We may not be able to pay any dividends or make other distributions on our Shares.

Saved for the dividend of RMB58.0 million declared by HC Environmental to its then shareholders in January 2020, we did not declare or pay any dividend during the Track Record Period. Our Board has discretion in determining the frequency and amount of dividend distributions, which will be subject to the approval of our Shareholders at a general meeting. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our cash flows, financial condition and results of operations, capital adequacy ratios, operating and capital expenditure requirements, distributable profits of our PRC subsidiaries as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, statutory and regulatory restrictions on the payment of dividends and other factors that our Board deems relevant. Although the PRC GAAP are in all material aspects identical with IFRS and the differences between our distributable profits recorded under the PRC GAAP and IFRS are immaterial, the calculation of distributable profits under the PRC GAAP may be different from the calculation under IFRS in certain respects, and our operating subsidiaries may not have distributable profits as determined under the PRC GAAP even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. See "Financial Information — Dividends" in this document for further details. There is no assurance that we will be able to pay any dividends or make other distributions on our Shares. Our future declarations of dividends will be at the absolute discretion of our Board.

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

We are a Cayman Islands company and our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

We cannot assure you the accuracy of facts, forecasts and other statistics with respect to the PRC, the PRC economy and the industry in which we operate contained in this document.

We have derived certain facts, forecasts and other statistics in this document, particularly those relating to the PRC, the PRC economy and the industry in which we operate, from information provided by the PRC and other government agencies, industry associations, independent research institutes or other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED] or any of our or their respective affiliates or advisors, and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in "Risk Factors," "Industry Overview" and "Business." Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the [REDACTED].

Before the publication of this document, there may be press and media coverage which contains certain information regarding the [REDACTED] and us that is not set out in this document. We have not authorised the disclosure of such information in any press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no presentation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim it. Accordingly, prospective [REDACTED] should not rely on any such information.