

## RISK FACTORS

*You should carefully read and consider all of the information in this document including the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result you may lose part or all of your investment.*

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

#### **We may not be able to secure and execute new wastewater treatment projects.**

We generated our revenue during the Track Record Period primarily from providing wastewater treatment services to a limited number of projects. In particular, our revenue from industrial wastewater treatment during the Track Record Period was derived from providing design and construction services under EPC model in two large-scale specialised industrial parts, being Meiyang Industrial Park and Jiasheng Industrial Park. For the years ended 31 December 2020, 2021 and 2022, revenue from our municipal wastewater treatment projects, which we designed, constructed and conducted under concession model, accounted for 88.1%, 65.4% and 53.3% of our total revenue, respectively. Our continued growth therefore largely depends on our ability to secure and execute new wastewater treatment projects.

We plan to enlarge our customer base and increase our market share in the industrial wastewater treatment sector, with particular strategic focus on strengthening our capabilities in providing one-stop wastewater treatment services in the industrial wastewater treatment industry. Our development strategies also include solidifying our market share in the rural municipal wastewater treatment market. In addition, we plan to expand our project portfolio to include other environment treatment projects and expand our market share in the regional comprehensive water environment treatment industry. Our ability to secure and execute such new projects is dependent on a number of factors, many of which are beyond our control, including, without limitation:

- global, national and local economic conditions;
- government policies and regulatory requirements, including environmental standards and the level and effectiveness of government promulgation of environmental protection measures that affect our customers;
- development of our target markets, including the development of local economies and local population growth, and the resulting demand for wastewater treatment services and other environment treatment services;
- our ability to identify feasible and attractive projects and successfully win bids for such projects;

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- our ability to collaborate with local governments to execute the design, construction and operation, as applicable, of wastewater treatment projects and other environment treatment projects;
- competition in wastewater treatment industry and environment remediation industry in the PRC;
- availability and cost of suitable land, infrastructure, equipment and other raw materials required for the development and operation of wastewater treatment and other environment treatment facilities; and
- availability and cost of financing.

Therefore, we cannot assure you that we can secure new projects on terms favourable to us or at all in the future.

**Any failure to maintain existing relationships, or expand new relationships with our customers may materially and adversely affect our business operations and financial results.**

Our relationships with our customers are usually project-based. We have in the past derived a substantial portion of our revenue from a limited number of customers. For the years ended 31 December 2020, 2021 and 2022, our five largest customers in aggregate accounted for approximately 93.1%, 98.9% and 99.9% of our total revenue, respectively. Services provided to our largest customer accounted for 71.3%, 53.8% and 48.0% of our total revenue for the same years, respectively. Our ability to maintain close relationships with major customers is essential to the success of our business. However, many factors which are not within our control could cause the loss of, or reduction in, business or revenue from any customer, and these factors are not predictable. Our customers may choose to terminate wastewater treatment or other environment treatment service agreements with us for reasons beyond our control, or engage other service providers when opportunities for new projects arise.

In addition, the specific customers who entered into service agreements with us may vary from period to period, and the typical service agreements we entered into with our major customers are non-recurring in nature. A major customer in one year in terms of revenue may not provide the same level of revenue for us in any subsequent year or at all. The loss of any major customer, or a significant decrease in the volume of customer demand could materially adversely affect our financial condition and results of operation.

There is no assurance that we will be able to retain our major customers or any of our existing customers in the future. If we are unable to secure new projects or if there is a significant decrease in the number of projects or size of projects in terms of contract value awarded by our customers for whatever reasons, our business, results of operations and financial performance would be materially adversely affected when we fail to secure suitable projects of comparable size and quantity as replacement. Moreover, we cannot guarantee that we will be able to diversify our customer base by securing new projects. Even if we manage to secure new customers, it would take time and resources for us to develop the relationship with new customers by adapting our systems and procedures to meet their requirements. If we are unable to secure new customers, our business, results of operations, financial performance and future prospects may be materially adversely affected.

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**We may become unable to maintain our competitiveness which could adversely affect our financial condition, results of operations and prospects.**

Wastewater treatment industry and other environment treatment industry in China are highly fragmented and competitive, with a large number of service providers throughout the country. In Anhui Province, in 2022, there are more than 200 municipal wastewater treatment service providers and more than 100 industrial wastewater treatment service providers. We compete primarily with state-owned and privately-owned wastewater treatment and other environment treatment service providers in the PRC as well as new entrants to the market, some of which may have a lower cost structure such as lower upfront project funding, lower financing costs or greater access to customers. It is possible that these wastewater treatment and other environment treatment service providers may possess more advanced treatment techniques than us or have stronger access to capital than we do. We cannot assure you that we will be able to compete successfully with the competitors in our existing markets or in any new markets we may intend to expand into. Failure to maintain our competitiveness and any increase in competition may materially adversely affect our business, financial condition, results of operations and prospects. See “Business – Competition” and “Industry Overview – ‘Competitive Landscape of Industrial Wastewater Treatment Market in Anhui Province’ and ‘Competitive Landscape of Anhui’s Municipal Wastewater Treatment Market in Anhui Province’” in this document for details regarding competition in the wastewater treatment industry and our major competitors in Anhui Province.

**We cannot assure you that our in-house R&D capabilities will continue to improve our efficiency and optimise our wastewater treatment and other environment treatment services.**

Our ability to develop and improve our technologies and techniques for providing wastewater treatment and other environment treatment services contribute largely to our continued success and competitiveness in the industry. During the Track Record Period, we designed, developed and manufactured most of the equipment to be used in our wastewater treatment projects whilst only purchasing certain standard equipment. We have also established two R&D centres in Anhui Province. These centres are dedicated to strengthening our research and application of wastewater treatment technologies, and collaborating with reputable universities and research centres to promote technology innovation. We believe we benefit from these solid capabilities which ensures our business success. For the years ended 31 December 2020, 2021 and 2022, our gross profit margin was 41.6%, 48.9% and 51.3%, respectively, which was higher than the industry average in the same years.

However, the technologies and techniques we developed and adopted are subject to continuous evolution and changes. We cannot assure you that we will be able to keep up with changes in technology and techniques in a timely manner or at a reasonable cost. Changes in governmental regulations and industry standards may impose more stringent performance or environmental requirements with respect to operating efficiency, emissions and discharge which may require us to adopt new technologies, perform equipment upgrades, or improve our existing technologies. Such changes could require substantial investments and increase our R&D expenses, which accounted for RMB7.2 million, RMB8.7 million and RMB8.8 million for the years ended 31 December 2020, 2021 and 2022, respectively.

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In addition, we may adopt advanced technologies that turn out not to be suitable or optimal for us due to unexpected raw material conditions, characteristics of the waste our facilities treat or the environment in which we operate. We may also need to utilise other technologies developed by third parties in the future, the legal owners of which may not agree to license such technologies to us on commercially acceptable terms or at all. We cannot guarantee that we would be able to develop or obtain the licence of such technologies in a timely manner, at a reasonable cost, or at all. Any of the foregoing may have an adverse effect on our ability to provide wastewater treatment or other environment treatment services efficiently, and as a result, affect our financial condition and results of operations.

In a situation where we become unable to develop or source new and enhanced wastewater treatment solutions to keep up with such technological changes in a timely manner and at a reasonable cost, or if there are fundamental technological changes in the industry to which we cannot adapt, we may not be able to maintain our competitive edge, and our market share may be adversely affected.

**We are subject to risks associated with changes in laws and regulations for wastewater treatment and other environment treatment services that may require new technologies.**

We are one of the leading wastewater treatment service providers in Anhui Province, China; and in order to maintain our customer base and market share, we must ensure that we are able to continually provide the most appropriate and customised services to our customers. We are engaged in an industry where regulatory standards play a critical role in influencing the demand for our services. Any changes in legislative, regulatory or industrial requirements may lead to consequential changes in various aspects of our industrial and municipal wastewater treatment services.

Changes in regulations or standards for industrial and/or municipal wastewater treatment and providing other environment treatment services may necessitate the use of new technologies or the improvement of our existing technologies. We may need to develop new technologies, or upgrade existing technologies or facilities to meet the standards imposed by the relevant regulatory authorities, which will require additional financial, human and other resources. Our ability to anticipate changes in regulatory standards and to develop and introduce new technologies to keep up with new regulatory standards will be significant factors in our ability to grow and to remain competitive.

In the event that we are unable to develop, customise, and source for new and enhanced wastewater treatment and other environment treatment services to keep up with such technological changes in a timely manner and at a reasonable cost, we may not be able to maintain our competitive edge and our market share; and as a result, our profits may be adversely affected.

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### **The construction of our wastewater treatment facilities is subject to construction risks.**

The construction of wastewater treatment and other environment treatment facilities involves construction risks. We may not be able to complete the design and construction works for our projects on time, due to the reasons beyond our control such as bad weather conditions and corresponding governmental restrictions. During the construction of our treatment facilities, there could be industrial accidents that may lead to personal injuries, property damages or fatal accidents at construction sites, despite the occupational health and safety control measures we take. Governmental, statutory or other approvals that are required for the construction, completion, expansion or operation of our projects may be delayed or denied.

In addition, cost overruns during the construction may occur as a result of a number of factors, many of which are beyond our control, such as labour shortages or disputes, shortages of or price increases or quality deficiency in equipment or raw materials, or the failure of equipment vendors to perform their contractual obligations.

In light of the above, we cannot assure you that our current or future wastewater treatment and other environment treatment projects will be completed on time or within budget, or if completed, that their operations will commence as anticipated. Furthermore, we may not achieve the economic benefits expected from our wastewater treatment and other environment treatment projects, which could adversely affect our business, financial condition, results of operations and prospects.

### **The operation of our wastewater treatment and other environment treatment projects are subject to operational risks.**

Our business is subject to a variety of operational risks. We have developed an intelligent and efficient control system and a wastewater treatment process monitoring system for our industrial and municipal wastewater treatment projects. These systems allow us to monitor the operation of wastewater treatment plants remotely which enhances the work efficiency and lowers the costs of operation. As a result, any failure or malfunction of our control system or facilities or any relevant components could lower the efficiency of our project management and result in higher operating costs, or even lead to a failure to treat wastewater or other environment waste to the applicable standard, which in turn could result in a breach of the relevant project agreements and a damage to our reputation.

In addition, we are exposed to, amongst others, production disruptions due to operational errors, equipment failures and suspension due to other risks, operational restrictions imposed by environmental or other regulatory requirements, as well as social, political and labour unrest, environmental or industrial accidents. These risks may result in damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. If we incur material losses or liabilities because of any of the foregoing operational risks, our business, financial condition and results of operations may be materially and adversely affected.

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**Excessive pollution level in the waste to be treated by our wastewater treatment and other environment treatment facilities may adversely affect our financial results and may damage our facilities.**

Our wastewater treatment facilities and the facilities required for other environment treatment services are designed and constructed to treat wastewater and other waste to specified quality standards. In particular, the incoming wastewater and other waste to be treated by wastewater treatment plants may contain pollutants exceeding the types and quantity contemplated during the design and construction of the plants, due to, among others, industrial accidents, expansion of the industries in the surrounding area of our facilities, excessive discharges of pollutants, oil spills, or other events beyond our control. Any excessive pollution level of the wastewater and other waste coming into our plants may adversely affect the operating costs and earnings of such plants due to the higher costs of treating the wastewater and other waste to attain the quality standard specified in the service agreements with our customers; and we might be punished by the relevant government authorities if we breach the relevant environment laws and regulations. In addition, there may be disagreements as to the extent to which the incoming wastewater and other waste is considered to include levels of pollutants exceeding those set out in our service agreements. In such case, we may need to spend additional time and effort to negotiate with our customers for compensation.

Furthermore, we may be subject to governmental sanctions and/or liquidated damages if our treated wastewater and other waste fails to meet applicable governmental standards due to excessive pollution. In such case, we may be ordered to suspend our operations pending rectification, which in turn could adversely affect our reputation. Such excessive pollution could also damage or accelerate the deterioration of our wastewater treatment facilities and other facilities to provide other environment treatment services, and could materially adversely affect our business, financial condition, results of operations and prospects.

**We are dependent on third parties for the supply of raw materials, certain standard equipment, other materials or power, and subcontracting services for our business operations.**

Our business is affected by the availability, cost and quality of the equipment and raw materials which we need in order to construct, develop, install, operate and maintain our facilities to provide wastewater treatment services and other environment treatment services; and affected by the availability and quality of our subcontractors. The prices and supply of equipment and raw materials and expenses incurred for subcontracting services depend on factors beyond our control, including economic conditions, competition, availability of qualified suppliers and subcontractors, production levels and transportation costs in the PRC. If, for any reason, our primary suppliers of equipment and raw materials reduce or discontinue their delivery of such materials to us in the quantities we need, provide us with equipment and raw materials that do not meet our specifications, or at prices that are not competitive or not acceptable to us, our ability to meet our material requirements for our projects could be impaired, our construction schedules and operations could be disrupted and our business, financial condition, results of operations and prospects could be materially affected.



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We currently cooperate with local suppliers and subcontractors in the PRC. In the event that our suppliers and/or subcontractors cease to provide supplies to us for any reason, including any potential disputes, we may need to find new reliable suppliers and subcontractors. For the years ended 31 December 2020, 2021 and 2022, purchases from our largest supplier in the PRC in each year during the Track Record Period accounted for approximately 46.7%, 36.8% and 31.2% of the total purchases of our Group, respectively. For the same periods, purchases from our five largest suppliers in each year during the Track Record Period in aggregate accounted for approximately 60.7%, 66.9% and 69.7% of the total purchases of our Group, respectively. If any of our major suppliers or subcontractors for a particular project becomes unable to continue providing the raw materials and equipment or other items or subcontracting services we need, at prices and on terms and conditions we consider acceptable, we may need to obtain these items or services from other suppliers or subcontractors. It is also possible that they take actions against us when there is a dispute with respect to any of our supply agreements or subcontracting arrangements. We cannot assure you that we will be able to locate a replacement or find a new qualified supplier or subcontractor in a timely manner or at all. Failure to find a suitable replacement could jeopardise or cause a delay in the delivery of our supplies, which could materially adversely affect our business, financial condition, results of operations and prospects.

Operation of our wastewater treatment facilities also depends on, among others, the adequate, timely and continuous supply of electricity. We currently obtain most of our electricity from the public electricity network. We cannot assure you that we will always have access to sufficient supplies of electricity in the future to accommodate our requirements and planned business growth and that such power shortages will not cause disruptions and delays in our operations in the future. If the power supply to wastewater treatment plants is interrupted, our ability to adequately treat incoming wastewater may be adversely affected.

**The operation of our wastewater treatment plants may be subject to risks brought by the power restriction from time to time.**

We consume electricity for the daily operation of our wastewater treatment plants. Since September 2021, the PRC Government has imposed power restriction policies across China. From time to time, certain parts of China may be subject to power shortage, including Anhui Province and Hebei Province in which we conduct wastewater treatment projects. In the event that any of the wastewater treatment plants we operate are subject to the power restriction or the policies in respect of power restriction are further tightened, we may be required to suspend or cease our wastewater treatment services; or encounter substantial delay in delivery of our wastewater treatment services to our customers, which in turn, may adversely affect our business and financial condition.

During the Track Record Period, there were certain events in which we were required to temporarily suspend our wastewater treatment process resulting from the imposed power restriction policies. There is no assurance that the restrictions on the usage of electricity will not become more prevalent. Any power shortage, brownout or blackout that lasts for a significant period of time may adversely impact our wastewater treatment process, thereby giving a negative impact on our business and results of operations.

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**Our business, results of operations and financial condition may be adversely affected if there is any significant downtime or decrease in utilisation of wastewater treatment plants we operate or if these plants fail to achieve expected levels of utilisation due to insufficient incoming wastewater.**

Wastewater treatment plants are subject to normal wear and tear in the course of our construction and operations and exposure to the elements. As a result, wastewater treatment plants may require extended downtime for repairs and maintenance. For the years ended 31 December 2020, 2021 and 2022, the utilisation rate of our wastewater treatment plants for our municipal wastewater treatment projects in the PRC was 74.0%, 76.3% and 76.7%, respectively. If the time and cost required for such repairs and maintenance exceeds our expectations, our operations may be affected for a period longer than anticipated and our revenue from the project may be less than what we originally projected. In addition, if any extraordinary or extensive repairs to wastewater treatment plants or other facilities are required, due to any significant or catastrophic event or otherwise, wastewater treatment plants could require significant downtime during which they would not be able to treat wastewater as required. Any significant downtime of wastewater treatment plants may also have far-reaching consequences to the communities and industries around the wastewater treatment plants we operate, which in turn, could lead to our customers deciding to terminate their service agreements with us or we may be subject to claims for damages. Therefore, any such extraordinary or extensive repairs and maintenance, the termination of our service agreements or any resulting claims or disputes could materially adversely affect our business, financial condition, results of operations and prospects.

In addition, each of wastewater treatment projects we conduct has been or will be designed and constructed to a specifically designed capacity in accordance with the terms of the relevant service agreement with our customers and the standards stipulated by relevant authorities. The utilisation rate of our wastewater treatment plants depends on a number of factors including the local population size, the types of industries in the area, the level of industrialisation, access to wastewater pipelines and the general economic conditions in the area serviced by the relevant facilities. Though we are generally entitled to receive payment based on a guaranteed minimum volume of wastewater to be treated, our decision on whether to enter into the project may depend on our expectation of future increases in the quantity of wastewater to be treated, which may not be realised. Furthermore, we cannot assure you that our customers will not request us to amend such threshold if there is a significant reduction in demand for our wastewater treatment services or if the incoming wastewater volume is significantly below the guaranteed level. Therefore, any reduction in the guaranteed minimum volume of wastewater to be treated could have a material and adverse effect on our business, financial condition, results of operations and prospects.



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**Work stoppage, increases in labour cost and other labour related matters may have an adverse effect on our business.**

We have not experienced any material work stoppages, strikes or other major labour problems in the past. However, there is no assurance that any of such events will not arise in the future. As at 31 December 2022, we had 90 employees in total. If our employees were to engage in a strike or other work stoppage, we could experience disruption of our operations and/or higher on-going labour costs. In addition, employees of some of our suppliers or customers may become unionised in the future or experience labour instability and we may not be able to predict the outcome of any future labour negotiations. Any conflicts between us and our employees or between our suppliers and customers and their respective unions, if any, could have an adverse effect on our financial condition and results of operations.

For the years ended 31 December 2020, 2021 and 2022, our labour costs (excluding share-based payments expenses) amounted to RMB3.1 million, RMB3.2 million and RMB4.7 million, representing 3.3%, 3.9% and 3.3% of our cost of service provided during the same years, respectively. The labour costs in the regions where we operate and plan to expend may continue to increase in the future, which may lead to continued increase of our production and operation costs. In such circumstances, our profit margin may decrease, which could have an adverse effect on our financial condition and results of operations.

**Design, construction and operation of our wastewater treatment projects require a number of approvals, permits and licences. If more burdensome regulatory requirements are imposed by the regulatory authorities in the future, we cannot assure you that we will be able to satisfy these regulatory requirements in a timely manner, which could delay the completion of our works or commencement of operation of new projects.**

We are required to obtain certain approvals, permits, licences and certificates from various government authorities in order to design, construct and operate each of our projects according to relevant PRC laws and regulations. See “Regulatory Overview – Business Qualifications and Licenses” in this document for details. We cannot assure you that all these required approvals, licences, permits and certificates, such as pollutant discharge permits, can be obtained in a timely manner or at all. As at the Latest Practicable Date, seven and 16 pollutant discharge permits had not yet been obtained in relation to our municipal wastewater treatment projects conducted under concession model in Jinzhai County and Yingshang County, respectively. See “Business – Regulatory Compliance – Pollutant discharge permits” for details. In addition, some of these approvals, licences, permits and certificates are subject to periodic review and renewal by the government authorities and the standards of compliance required in relation thereto may from time to time be subject to change. Any changes in the existing policies by the government authorities resulting in the imposition of more burdensome requirements may result in our failure to obtain or maintain such approvals, permits, licences and certificates.

We may be subject to fines and penalties imposed by the relevant authorities or be requested to suspend the relevant projects if we construct and conduct our projects without the requisite approvals, permits, licences or certificates. We cannot assure you that we will be able to satisfy these regulatory requirements in a timely manner, which could interrupt or delay the completion of our works or commencement of operation of new projects, thereby causing a material adverse impact on our business and operations.

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**There is a mismatch between our cash inflow and the revenue recognised during the design and construction stage for our wastewater treatment projects.**

For our wastewater treatment projects conducted under EPC model, revenue is recognised based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. For our wastewater treatment projects conducted under concession-BOT model, we only receive regular, usually quarterly, cash payments from the relevant customer after the commencement of the project's commercial operation, according to the relevant concession agreements. For these projects, revenue during the construction phase is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in similar locations, and is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the end of each of the relevant periods. Changes in cost estimates in future periods can have effect on our Group's revenue recognised. In addition, the timing for cash payments in respect of the construction phase of wastewater treatment projects conducted under EPC model depends on the specific contractual arrangement with our customers, and we receive payments only after constructed facilities become commercially operational in our wastewater treatment projects conducted under concession-BOT model. Our cash inflow will not match the revenue recognised in our accounts. As a result, an increase in our revenue and profit for a financial period may not be matched by a corresponding increase in our cash flow generated from operating activities.

**We are exposed to credit risk and liquidity risk, payment delays or defaults by our customers which may negatively affect our business, financial condition, results of operations and prospects.**

We are subject to the credit risks of our customers, and our cash flow and working capital position are dependent on our receipt of timely payments from our customers for the services we provide to them. As at 31 December 2020, 2021 and 2022, we had trade receivables of RMB28.6 million, RMB14.0 million and RMB16.5 million, respectively. Furthermore, because the stream of payments from our customers in the design and construction phase of our wastewater treatment projects is our primary stream of cash flow, ensuring that we obtain payment on time is essential to our ongoing success of our business. During the Track Record Period, in terms of provision of municipal wastewater treatment services, customers were municipal, district or county-level governments or their affiliated agencies and/or institutions. These agencies included ecology and environment bureaux, housing and urban-rural development bureaux and water resources departments in the PRC. During the same period, in terms of provision of industrial wastewater treatment services, customers were the owners of wastewater treatment facilities in the industrial parks. It is possible that their payment to us could be time consuming due to their respective internal approval processes.

If there is any delay in payment by our customers, our profitability, working capital and cash flow may be adversely affected. There is no assurance that we will be able to collect all or any of our trade receivables within the period as stipulated in our agreements with our customers, or at all. If any of our customers face unexpected situations, including, but not limited to, financial difficulties, we may not be able to receive full or any payment of uncollected sums or enforce any judgement debts against such customers. Even though we have

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established a risk management system to address the credit risk that we are exposed to in our projects, there is no assurance that this system is sufficient. Collection of payment may be challenging due to factors beyond our control. For example, any economic downturn or fiscal constraints due to factors such as deterioration of the local governments’ or enterprises’ financial condition may cause customers’ defaults to increase and we may need to make larger provisions for receivables. Defaults in payment by our customers may materially and adversely affect our business, financial condition, results of operations and prospects.

**We are subject to risks associated with investments in, and share losses in joint ventures, over which we do not have full control.**

As at 31 December 2020, 2021 and 2022, we had investments in joint ventures of RMB52.4 million, RMB51.7 million and RMB49.5 million, respectively. Our recoverability of the investments in joint ventures is subject to risks and our ability to generate cash flows depends on the dividend distributed by these invested companies. Our investments in joint ventures are not as liquid as other investment products as there is no cash flow to us until dividends are received even if joint ventures reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the joint ventures in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the joint ventures for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investments in joint ventures may significantly limit our ability to respond to adverse changes in the performance of joint ventures. In addition, if there is no dividends declared from joint ventures, we will not be able to generate cash flows from investments in these joint ventures.

We also share losses in joint ventures in which we have limited control. We have joint control over the investee when decisions about the relevant activities require the unanimous consent of the parties sharing control. During the Track Record Period, we recorded share of losses from two joint ventures. For the years ended 31 December 2020, 2021 and 2022, our share of losses of joint ventures was approximately RMB0.4 million, RMB0.7 million and RMB2.2 million, respectively. For the reasons for the fluctuations in the share of losses with joint ventures, see “Financial information – Review of Historical Results of Operations” in this document. Since we have limited control over the operations and financial activities of these joint ventures, they may, among others, take actions to pursue economic or business interests or goals inconsistent with or contrary to ours or have disputes with us as to the scope of their responsibilities and obligations. In addition, we cannot assure that they have been, or will be in compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to joint ventures, which may have an adverse effect on our business, results of operations and financial condition. If the performance of such joint ventures deteriorates, the dividend we receive may decrease or we may be required to make additional capital injection to fund for our share of the loss and therefore reduce the funds available to our Group as working capital, capital expenditure, acquisitions, dividends and other general corporate purposes, which could have a material impact on our Group’s cash flows, results of operations and financial position.

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**Our customers may make claims against us and/or terminate our services in part or even in whole should we fail to meet the requirements in our service agreements with them or fully satisfy their other requirements and expectations.**

The development and operation of our wastewater treatment projects are subject to the terms of our EPC agreements, operation agreements and/or concession agreements with our customers. Our customers are entitled to withdraw the concession and terminate the service agreements without compensation if we fail to complete the construction according to the specifications as required by the relevant service agreements, or if the treated wastewater discharged from our wastewater treatment facilities fails to meet the standards required by the service agreements and we fail to rectify such failure as agreed. In the event that any of our customers withdraws its service agreement with us, the upfront payments we have received up to termination may not be sufficient to cover our investment cost and we may not receive any compensation for the investment we have made, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We cannot assure you that the development of our projects in the planning or development phase will not be delayed or that these projects will meet the requirements and expectations of our customers. Failure to implement or complete projects to the satisfaction of our customers or failure to comply with relevant governmental policies and standards, or defective systems may lead to claims against us and/or the termination of our services in whole or in part prior to the expiration of our service agreements. Such failure may arise as a result of unsatisfactory project design or workmanship, staff turnover, human error, untimely delivery of services, default by our contractors, or misinterpretation of, or failure to adhere to, regulations and procedures by us or our contractors, some of which may be beyond our control. The claims against us and/or the termination of our services in whole or in part prior to the expiration of any of our service agreements may adversely affect our business, financial condition, results of operations and prospects. In addition, in the event we are held liable for delays or failure to complete our projects to the satisfaction of our customers, we may be required to compensate our customers for their losses, which could further materially adversely affect our business, financial condition, results of operations and prospects. See “Business – Wastewater Treatment Services – EPC/EPC+O Model – Key terms of our EPC agreements”, “Business – Wastewater Treatment Services – EPC/EPC+O Model – Key terms of our operation agreements” and “Business – Wastewater Treatment Services – Concession Model – Key terms of our concession agreements” in this document for details of our obligations under EPC agreements, operation agreements and concession agreements.

**A certain portion of our revenue during the Track Record Period was generated from industrial wastewater treatment services provided to Jinzhai Jiasheng controlled by Mr. Zhou, one of our Controlling Shareholders, which we do not have control over.**

During the Track Record Period, a certain portion of our revenue was derived from the design and construction of wastewater treatment services provided in Jiasheng Industrial Park, which is wholly owned by Jinzhai Jiasheng, which was held as to 99.5% by Mr. Zhou, one of our Controlling Shareholders. For the year ended 31 December 2020, revenue generated from

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wastewater treatment services provided in Jiasheng Industrial Park was RMB18.4 million, representing 11.6% of our total revenue during the year. During the Track Record Period, Jiasheng Industrial Park Project was a major project in terms of project scale. See “Business – Wastewater Treatment Services – Major Wastewater Treatment Projects During the Track Record Period” in this document for details.

However, we do not have control over Jinzhai Jiasheng’s strategy of managing Jiasheng Industrial Park, nor the macroeconomic or other factors that affect the business operation and financial position of Jinzhai Jiasheng. As a result, any adverse development in Jinzhai Jiasheng Park may affect our ability to procure the relevant new service agreements.

During the Track Record Period, other than revenue from Jinzhai Jiasheng, all of our revenue was derived from wastewater treatment and other environment treatment projects that we engaged with independent third parties. Though we plan to further expand our business by seeking cooperation with independent third parties, we cannot assure you that we will be successful in doing so, or we will be able to procure service agreements as planned or at desirable pace and/or price. If we are not able to supplement any shortfall in providing wastewater treatment services in Jiasheng Industrial Park, our results of operation and growth prospects may be materially and adversely affected.

### **We have a concentration of customers during the Track Record Period.**

We have a concentration of customers during the Track Record Period. For the years ended 31 December 2020, 2021 and 2022, our five largest customers accounted for approximately 93.1%, 98.9% and 99.9% of our total revenue, respectively; and our largest customer accounted for 71.3%, 53.8% and 48.0% of our total revenue for the respective years. There is no assurance that these major customers will continue to enter into service agreements 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 had a high concentration of suppliers during the Track Record Period.**

We have a concentration of suppliers during the Track Record Period. For the years ended 31 December 2020, 2021 and 2022 purchase from our five largest suppliers accounted for approximately 60.7%, 66.9% and 69.7% of our total purchases, respectively; and purchase from our largest supplier accounted for 46.7%, 36.8% and 31.2% of our total purchases for the respective years. There is no assurance that our Group would be able to establish business relationships with new suppliers to reduce our reliance on our major suppliers; or our existing suppliers will continue to supply suitable construction equipment to our Group in the future. If any of our suppliers fails to supply the required construction equipment to us or if we fail to identify alternative sources of construction equipment that meet the prescribed requirements and/or standards in a timely manner and at favourable terms, our business, financial conditions and results of operation may be adversely affected.

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## RISK FACTORS

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**Our expansion in the environment remediation industry may impose new challenges on us, and we may lack the necessary experience to deal with these new challenges.**

We plan to explore additional opportunities to participate in other environment treatment projects in China, and seek to strengthen our market presence and increase our market share in the environment remediation industry in the long run. Unlike wastewater treatment services, we have limited track record in providing other environment treatment services. Accordingly, our assumptions and judgements relating to the operations of such projects may not be accurate. Furthermore, the diversification of our business may impose on us new operational, management and planning demands which are significantly different from those we encounter in operating our wastewater treatment projects and for which we may require different expertise and experience. In addition, policies relating to other environment treatment services differ from one place to another and are ever-evolving. It is possible that our assumptions and judgments relating to other environment treatment services are not accurate. There is no assurance that our expertise and experience in wastewater treatment projects can be applied successfully or at all to the types of new projects. If we fail to meet the challenges posed by the contemplated expansion of our business, our financial condition, results of operations and prospects may be materially adversely affected.

**The government grants and the preferential tax treatment received by us during the Track Record Period are non-recurring in nature.**

We enjoy favourable treatment from government authorities in respect of, among other things, tax benefits and government grants to support local corporate and economic development and to encourage our effort of stabilising employment. For the years ended 31 December 2020, 2021 and 2022, government grants of approximately RMB2.9 million, RMB4.5 million and RMB5.5 million, which accounted for 1.8%, 2.8% and 1.9% of revenue during the same years, respectively. These government grants were primarily attributable to our innovation in wastewater treatment R&D and tax benefit granted by the People’s Government of Jinzhai County (金寨縣人民政府) for Anhui Meiziran’s contribution to the local economy; and being a High-Tech Enterprise (高新技術企業).

The government grants are non-recurring in nature and the amounts of these grants were subject to the discretion of local governments and there were no unfulfilled conditions or contingencies. There can be no assurance that we will continue to receive significant amounts of government grants, or at all. We cannot predict or guarantee the amount of subsidies to be granted for any specific project. Moreover, we cannot assure you that the current policies in the PRC with respect to the preferential tax treatment we currently enjoy will not be unfavourably changed or discontinued, or that the approval for such preferential tax treatment will be granted to our PRC project companies in a timely manner, or at all. The termination or expiration of our preferential tax treatment or the imposition of additional taxes on us or our subsidiaries in the PRC may lead to an increase in our expenses. As a result, we may experience additional fluctuations in our tax benefits and government grants, which may lead to volatility in our profit and have a material adverse effect on our business, financial condition, results of operations and prospects.



## **RISK FACTORS**

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**If we fail to maintain an effective internal control system, we may not be able to accurately report our financial results or prevent fraud.**

We may be exposed to fraud, bribery or other misconduct committed by our employees, suppliers, customers or other third parties that could subject us to financial losses and regulatory penalties and adversely affect our reputation. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We have implemented risk management and internal control policies consisting of organisational framework policies, risk management policies and risk control procedures. These systems are designed to help us manage our risk exposures, primarily our operational risk, legal risk and liquidity risk, and monitor our operations and ensure overall compliance. However, our internal control procedures may not identify all non-compliance incidents or suspicious activities in a timely manner or at all. In addition, since our risk management and internal control policies and systems depend on the effective implementation by our employees, we are not able to ensure that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human error.

We have in the past discovered, and may in the future discover, areas of our internal controls that need improvement. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. Our failure to detect and prevent fraud, bribery and other misconduct by maintaining an effective internal control system may have an adverse impact on our reputation, business, financial condition, and operating results. See “Business – Risk Management and Internal Control” in this document for details.

**We are dependent on our key management team and qualified personnel.**

The extensive industrial knowledge and operational expertise of our management team have contributed to our well established track record. We attribute our success to the leadership and contributions of our management team to a great extent. Our continued success is therefore dependent, to a large extent, on our ability to retain the services of these key management personnel. The loss of their services without timely and suitable replacement will adversely affect our operations and therefore affect our financial performance.

Owing to the specialised nature of our work, there is a limited supply of adequately skilled technical specialists, including engineers. Our continued success and the implementation of our expansion plans depend largely on our ability to attract and retain high quality personnel, including executive officers, business development personnel and project managers who have the requisite and sufficient experience and expertise to conduct our wastewater treatment business. If we are unable to attract and retain a sufficient number of suitably skilled and qualified technical specialists, our business, financial condition, results of operations and prospects would be materially adversely affected.

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## RISK FACTORS

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**We require substantial upfront funding for our wastewater treatment projects conducted under concession-BOT model. If we become unable to finance these projects, our financial condition and results of operations could be adversely affected and we will be no longer able to fulfil our financial obligations and business objectives.**

Our wastewater treatment projects conducted under concession-BOT model typically require substantial upfront funding. In addition, during the operation phase of wastewater treatment projects conducted under concession-BOT model, we are responsible for the cost of operations, maintenance and repair of the wastewater treatment facilities during the relevant concession terms. We require a considerable amount of capital to purchase property, plant and equipment to construct and operate wastewater treatment facilities. If we become unable to finance these projects, our financial condition and results of operations could be adversely affected and we will be no longer able to fulfil our financial obligations and business objectives.

Our ability to obtain project financing on desirable terms is subject to a number of uncertainties, including, among other things, our financial condition, results of operations, cash flows and credit history; the conditions of the global and domestic financial market; changes in monetary policy with respect to bank lending practices and conditions in the PRC; and changes in interest with respect to borrowing practices in the PRC. If adequate working capital is not available to us in a timely manner and on acceptable terms or at all, we may not be able to develop or expand our business and therefore, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**We were involved in the deviation from intended use of certain loan proceeds during the Track Record Period, which was not in strict compliance with the relevant PRC laws.**

During the Track Record Period, the proceeds from certain of our bank loans were not used in accordance with their designated use under the terms of the relevant loan agreements. These proceeds were first transferred from the lending banks to the respective designated loan account (貸款發放賬戶) of Anhui Meiziran, Jinzhai Rural Water and Yingshang Meiziran and were ultimately advanced, with the assistance of certain related parties and independent suppliers with which we entered into supply agreements that were not underlined by genuine transactions, to (i) our Group, for general working capital purposes; and/or (ii) a related party of the Group, for the purpose of its daily operation on an interest-free basis. As advised by our PRC Legal Advisers, our use of certain loan proceeds that did not correspond to the intended use was not in strict compliance with the relevant PRC laws and regulations. See “Business – Regulatory Compliance – Deviation from Intended Use of Loan Proceeds” in this document for details.

We cannot assure you that the relevant regulatory bodies will not retrospectively impose penalties and/or fines on or take legal actions against us for such incident. Any such penalties, fines and/or legal action could adversely affect our business, reputation, financial condition and results of operations.

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## RISK FACTORS

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### **We had net current liabilities as at 31 December 2020 and 2021 and as at ended 30 April 2023.**

As at 31 December 2020, we record net current liabilities of approximately RMB58.9 million, mainly attributable to bank loans of approximately RMB72.2 million and the fact that we had less design and construction services for the year ended 31 December 2021. As at 31 December 2021, we record net current liabilities of approximately RMB49.8 million, mainly attributable to an increase in our contract liabilities arising from our design and construction services to be provided in Meiyang Industrial Park. As at 30 April 2023, we had net current liabilities of approximately RMB141.0 million primarily due to our declaration of dividends of approximately RMB170.0 million in April 2023.

Having net current liabilities could expose us to liquidity risks, which could in turn restrict our ability to make necessary capital expenditures or develop business opportunities, and our business, operating results and financial condition could be materially and adversely affected as a result. If we are unable to generate sufficient cash flow from our operations or are otherwise unable to obtain sufficient funds to finance our operations or satisfy our current liabilities in a timely manner, our business operations, liquidity and ability to raise funding may be materially and adversely affected. We cannot assure you that we will be able to maintain sufficient working capital or revenue or raise the necessary funding to pay off our current liabilities and meet our capital commitments. In such circumstances, our business, financial condition, results of operations and prospects may be materially and adversely affected.

### **We recorded net operating outflows historically and there can be no assurance that we will not have net cash outflow in the future.**

We recorded net cash outflow from operating activities of RMB4.7 million in 2022, mainly due to the increase in contract assets and increase in trade payables. For detailed operating cash flow analysis, please see “Financial Information – Liquidity and Capital Resources – Cash Flows from Operating Activities.” We cannot assure you that we will be able to generate positive cash flows from operating activities in the future or we will have sufficient cash from other sources to fund our operations. In such cases, our liquidity and financial condition may be materially and adversely affected.

### **We face risk regarding the recoverability of deferred tax assets.**

As at 31 December 2020, 2021 and 2022, our deferred tax assets amounted to approximately RMB1.0 million, RMB1.1 million and RMB1.5 million, respectively. As deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, our management’s judgement is required to assess the probability of future taxable profits.

We cannot assure you that the deferred income tax assets can be recovered. Any change in our management’s judgement would affect the carrying amounts of deferred income tax assets to be recognised. In the case that the value of the deferred income tax assets has changed, we have to write-down the deferred income tax assets, which may adversely affect our financial condition for that respective year.

## **RISK FACTORS**

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### **We may fail to adequately protect our intellectual property rights, or could face claims of infringement of the intellectual property rights of others.**

We rely on patents and trademarks to protect our technological knowhow. As at the Latest Practicable Date, we had registered one domain name and four trademarks. As at the same date, we also had 123 patents registered in the PRC, nine of which were for inventions relating to wastewater treatment service and other environment treatment services. The others were for utility models relating to wastewater treatment technologies and other environment treatment services in the environment remediation industry. We also rely on our employees’ and third parties’ contractual commitments to confidentiality and non-competition to protect our intellectual property rights. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technologies. Monitoring unauthorised use of our intellectual property is difficult, and we cannot assure you that the steps we have taken will prevent the unauthorised use of our technological knowhow. In addition, applicable laws may not fully protect our intellectual property rights. Any claims or litigation that we may initiate in the future to protect our intellectual property rights could be time consuming and expensive, diverting resources from our business regardless of whether or not the disputes are decided in our favour. Moreover, any infringement upon our intellectual property rights could weaken our competitiveness in the market, which would adversely affect our business, financial condition, results of operations and prospects.

In addition, as we expand our project pipeline and increase our geographical coverage in the PRC, additional third parties may assert that our technologies or techniques infringe their intellectual property rights. We cannot assure you that we will not face any claims or litigation for infringement of the intellectual property rights of others. These claims or litigation could adversely affect our relationships with current or future customers, divert management attention and resources, and result in costly litigation and thus adversely affect our business, financial condition, results of operations and prospects.

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

We maintain certain policies that cover potential losses or damages in respect of our operations. However, there are many aspects of the construction or operation phases of our projects, such as business interruption, that are not covered by our insurance, though we do maintain property insurance for the raw materials used in our operations or for many other aspects of the construction or operational phases of our projects.

We cannot predict the continued availability of insurance at acceptable premium levels or at all, and as such, our insurance policies may not continue to be available at economically acceptable premiums. Moreover, we cannot obtain certain types of insurance at a reasonable cost or at all. For example, insurance covering losses from acts of war, terrorism or natural catastrophes is either unavailable or cost prohibitive.

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## RISK FACTORS

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We cannot assure you that our insurance policies are sufficient to cover all risks associated with our business and operations. We may be subject to liabilities against which we are not insured adequately or at all or liabilities against which we cannot insure. Should significant property damage or personal injury occur to our facilities or to our employees due to accidents, natural disasters or other events, our insurance policies may not adequately cover the losses that we incur and our business may be adversely impacted, potentially leading to a loss of assets, lawsuits, employee compensation obligations or other forms of economic loss which may have a material adverse effect on our business, financial condition and results of operation.

**Our business, results of operations and prospects are subject to economic and market conditions or government policies in the regions we operate in China.**

Our overall financial results will depend substantially upon the economy of China. Our results are also affected by local market conditions in the regions where we operate. As at 31 December 2022, 11 out of 13 of our concession rights to conduct our municipal wastewater treatment projects were in Anhui Province, and we will also be subject to local market conditions in other provinces such as Hebei Province, where we also have business operations. As at the Latest Practicable Date, we had successfully won a bid to provide design and construction services for an industrial wastewater treatment project to be conducted under EPC+O model for Yeji Ecological and Environmental Protection Textile Manufacturing Base (葉集生態環保紡織集約生產基地), which is a large-scale specialised industrial park in Yeji County, Lu'an City of Anhui Province, with a total contract amount of approximately RMB231.3 million. As at the Latest Practicable Date, our two R&D centres were both located in Anhui Province. Given such concentration on certain regions within the PRC, any material adverse social, economic or political development in or any natural disaster or epidemic affecting these regions, primarily Anhui Province, could materially and adversely affect our business, financial position and results of operations.

**We are subject to risks associated with changes in the current regulatory environment.**

We are currently in a regulatory environment where the PRC Government encourages the development of the environmental protection industry. Although the PRC Government has stated its intention to increase investment on the environmental protection industry in the long run, we cannot assure you that it will end up spending such amount, or predict how and to what extent such increased investment will affect the wastewater treatment and environment remediation treatment industry. You should not regard the PRC Government's intentions or announcements as an indication of the future prospects of our industry or our future performance. Furthermore, we cannot assure that such regulations or policies will achieve their anticipated results or that we can benefit from them. In addition, we cannot assure you that the regulations or government policies will continue to support the wastewater treatment and environment remediation industry and the development of industrial parks. In the event that we cannot respond to regulatory changes in a timely manner, our competitive edge and our profits may be adversely affected.

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## RISK FACTORS

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**The PRC laws and regulations concerning cybersecurity and data protection are subject to changes and updates from time to time. Failure to comply with all applicable laws and regulations could harm our reputation, business, financial condition and results of operations and our [REDACTED] and [REDACTED] may be impeded.**

On 14 November 2021, the CAC promulgated the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Data Security Regulations**”). The Draft Data Security Regulations had not come into force as at the Latest Practicable Date and is subject to further official guidance and implementation rules. On 28 December 2021, the CAC jointly with other 12 government authorities promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**MCR**”), which became effective on 15 February 2022. According to the MCR, the procurement of network products and services by critical information infrastructure operators and the data processing activities conducted by network platform operators, which affect or may affect national security, shall be subject to cybersecurity review. In particular, if critical information infrastructure operators anticipate that their procurement of network products and services affect or may affect national security after such network products and services are put into use, they shall apply for cybersecurity review to the Cybersecurity Review Office. The MCR also provides that network platform operators that possess personal information of over one million users shall apply for cybersecurity review before listing in a foreign country. Listing in Hong Kong is not treated as a Listing in a foreign country within the meaning of the MCR. In addition, the relevant government authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any service, product or data processing activities that might give rise to national security risks based on the factors set out in the MCR and have not been inquired, investigated, warned or penalised by any PRC authorities in this respect. However, as at the Latest Practicable Date, the Draft Data Security Regulations had not been formally adopted. Substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation. We cannot completely exclude the risks of being subject to cybersecurity review in consideration of the provisions of Article 16 of the MCR which stipulates that relevant authorities may initiate cybersecurity review against relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. In addition, we cannot assure you that relevant government authorities will not promulgate or interpret the laws and regulations in ways that may adversely affect us. If our [REDACTED] and [REDACTED] or business activities are deemed to “affect or may affect national security,” we may be subject to cybersecurity review and there can be no assurance that we will be able to obtain approval from the regulatory authorities in a timely manner, or at all.



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## RISK FACTORS

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On 7 July 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which took effect on 1 September 2022 and requires data processor providing data overseas and falling under certain circumstances apply for security assessment of outbound data transfer with the national cybersecurity authority through its local counterpart at the provincial level. On 22 February 2023, the CAC issued the Measures for the Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) (the “**Standard Contract Measures**”), which came into effect on 1 June 2023. Any violation of the Standard Contract Measures shall be punished in accordance with the Personal Information Protection Law and other laws and regulations. As at the Latest Practicable Date, we had not involved in any outbound transfer of personal information or identified important data during our daily business operations, therefore we do not expect these measures to have material adverse impact on our daily operations in respect of the outbound data transfer. However, since these measures are newly promulgated, there are uncertainties as to the relevant interpretation and application, we cannot assure you that relevant regulatory authorities will take the same view as ours. In the event the regulatory authority deems that these measures apply to us, we will be subject to the relevant requirements. Furthermore, the evolving regulations regarding cybersecurity and data protection may in the future impose restrictions on us in a manner materially adverse to our business, or lead to stricter requirements or establishment of new regulatory agencies. We may therefore be subject to more legal responsibilities and compliance costs, which may have an adverse effect on our business and results of operations. If we fail to comply with such laws and regulations, we may face legal liability under the Personal Information Protection Law, Cybersecurity Law, Data Security Law and other related laws and regulations, including being ordered to make corrections, given a warning, fines, or confiscation of illegally obtained gains, suspension of business and other penalties, which could materially and adversely affect our business, financial condition and results of operations.

**Pandemics and epidemics in addition to COVID-19 pandemic, natural disasters, terrorist activities, political unrest and other outbreaks may disrupt our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.**

In addition to the impact of COVID-19, our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods; the outbreak of other widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, Ebola or Zika; or other force majeure events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. We may also be subject to social catastrophic events that are beyond our control, such as riots, political and military upheavals and other outbreaks in the country or region where we have our operations or where a portion of our customers are located.

## **RISK FACTORS**

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The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments or social catastrophic events in the countries and regions we operate in could materially disrupt our business and operations, because such events could cause a temporary closure of our office facilities or the wastewater treatment and other environment treatment facilities we are constructing or operating. In addition, our revenue could be materially reduced to the extent that such events may harm the Chinese or global economy in general. Our operations could also be severely disrupted if our customers, suppliers or other business partners were affected by such natural disasters, health epidemics or other outbreaks. Such events could significantly disrupt our operations and negatively impact our business, financial condition, results of operations and prospects.

**Failure to comply with environmental, labour, health and safety laws and regulations in the PRC in which we operate, may adversely affect our business, financial condition and results of operations.**

In the ordinary course of our business operations, we are subject to a series of PRC laws and regulations relating to environmental and safety matters. Failure to meet the environment laws and regulations in the PRC may result in governmental sanctions. The development of our wastewater treatment and other environment treatment projects and our continuing operations require the receipt of various required licences, permits and authorisations. The discharge of waste and pollutants from our wastewater treatment process into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. In the event that our discharge of waste and pollutants does not meet the relevant emission standard of pollutants, we may be subject to fines and penalties imposed by the relevant authorities. In addition, as we are subject to a wider spectrum of environmental regulations, we cannot assure you that we will be able to comply with new legislations should the PRC Government impose more stringent environmental, health and safety protection standards and regulations in the future.

**Environmental risks may adversely affect our business, profitability, financial condition and results of operations.**

We are exposed to environmental risks due to the nature of our operations. Environmental issues could arise in the future, which could affect our profitability and results of operations. The types and amounts of pollutants in the wastewater we treat may increase unexpectedly due to a number of factors, including the occurrence of natural disasters or industrial accidents, increases in levels of manufacturing activities or consumption and shortage of water supplies. In the event where such pollution or contamination occur and we are unable to adequately and efficiently treat the contaminated water or remove pollutants from wastewater, our business, financial condition and results of operations may be materially and adversely affected. In addition, we could be held liable for human exposure to dangerous substances in our business operation or other environmental damage. Any of the foregoing could subject us to liability, which could materially adversely affect our business, financial condition and results of operations.

## **RISK FACTORS**

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### **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

**We are subject to the political, economic and social development as well as laws, rules and regulations in the PRC.**

All of our revenue are generated in the PRC, and as a result, our business, results of operations and financial condition are subject to the economic, political, social and regulatory environment in the PRC. The economy of the PRC differs from the economies of other countries in many respects, including, among others, the extent of government involvement, level of development, growth rate, and control of foreign exchange and the allocation of resources. The PRC economy has been undergoing a transition from a planned economy to a market-oriented economy. The PRC Government has in recent years implemented measures emphasising the utilisation of market forces for economic reform and the establishment of sound corporate governance in business enterprises.

However, the PRC Government still retains significant control over the PRC’s economic growth through the allocation of resources, controlling payment of foreign currency, setting monetary policy and providing preferential treatment to particular industries or enterprises. Our performance has been and will continue to be affected by the economy in the PRC. The PRC’s economic growth is also influenced by global economic conditions. Any unfavourable political, economic or social development in the PRC, or unfavourable change in the PRC’s laws, regulations, rules and licensing requirements, may adversely affect our business, results of operations and financial condition. We are unable to accurately predict the precise nature of all the risks and uncertainties that we face as the current economic, political, social and regulatory conditions and many of the associated risks are beyond our control.

**Changes to the PRC legal system could have an adverse effect on us.**

Our business operations in the PRC are governed by the legal system of the PRC. Unlike common law system, the PRC legal system is primarily based on written statutes, and prior court decisions can only be cited as reference. The PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, finance, foreign exchange and trade with a view to develop a comprehensive system of commercial law. However, the recently enacted laws and regulations in the PRC may not sufficiently cover all aspects of economic activities in the PRC, or may be unclear or inconsistent. Due to the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations are susceptible to further changes. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts may be inconsistent, and it may be difficult to obtain swift and equitable enforcement of a judgement by a court. In addition, the PRC legal system is based, to a lesser extent, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retrospective effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any litigation in the PRC may also be protracted, resulting in substantial costs being incurred and the diversion of resources and management’s attention. In addition, we cannot predict future developments in the PRC legal system or the effects of such developments. The materialisation of all or any of these changes could have an adverse effect on our business, results of operations and financial condition.

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## RISK FACTORS

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**Governmental control over currency conversion may affect the value of your investment and limit our ability to utilise our cash and pay dividends effectively.**

The RMB is not currently an absolutely freely convertible currency, and the conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Pursuant to existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions (including dividend payouts) without submitting the certifying documents of such transactions to SAFE for approval in advance as long as they are processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes, including direct overseas investment and various international loans, may require the prior approval or registration with SAFE. If we fail to obtain SAFE’s approval to convert RMB into foreign currencies for such purposes, our project funding plans, business operations and subsequently our results of operations and financial condition could be materially adversely affected.

**It may be difficult to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management located in the PRC.**

It may be difficult to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management located in the PRC. We are incorporated in the Cayman Islands. All of our assets and operations are located in the PRC, and all of our Directors and senior management are located in the PRC. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons or to bring an action in Hong Kong against us or these persons. Moreover, China does not have treaties with most of the other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

On 14 July 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**2006 Arrangement**”). Pursuant to such arrangement, a party with a final judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement. On 18 January 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”), the commencement date of which shall be announced after the Supreme People’s Court promulgates judicial interpretations and relevant procedures are completed in Hong Kong. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a “choice of court agreement in writing” entered

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## RISK FACTORS

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into before the 2019 Arrangement has taken effect. However, there remain uncertainties as to the outcome of any applications to recognise and enforce such judgments and arbitral awards in the PRC. Furthermore, an original action may only be brought in the PRC against our Directors and senior management located in the PRC, if the actions are not required to be arbitrated by PRC law and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set out in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in the PRC in this manner.

**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, subject to any applicable tax treaty or similar arrangement between China 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 China 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 or place of business if the relevant income is not effectively connected with the establishment or place of business. 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 out in applicable tax treaties and PRC laws.

**Our results of operations may be materially and adversely affected by tax reforms in the PRC.**

According to the Notice of the MOF and the SAT on the Adjustment of VAT rates (《財政部、稅務總局關於調整增值稅稅率的通知》) that took effect on 1 May 2018, for taxpayers engaged in taxable sales of VAT or imported goods, the original tax rates of 17% and 11% were adjusted to 16% and 10%, and further adjusted to 13% and 9%, respectively, in accordance with the Announcement of the MOF, the SAT and the General Administration of Customs on Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) that took effect on 1 April 2019. Furthermore, according to the Interim Provisions on Levying Educational Surcharges (《徵收教育費附加的暫行規定》) which was last revised on 8 January 2011, and the Notice of the SAT on the Collection of Urban Maintenance and Construction Tax, all entities and individuals that pay consumption tax, VAT and business tax shall pay urban maintenance and construction tax at the rates of 7%, 5% and 1% for taxpayers located in the urban areas, counties or towns, and other areas, respectively.

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## RISK FACTORS

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**We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries’ ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.**

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by domestic Residents in China via Special-Purpose Companies (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or SAFE Circular 37, was promulgated by the SAFE on 4 July 2014 which requires PRC residents or entities to register with the SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing its profits and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), or SAFE Circular 13, which came into effect on 1 June 2015, pursuant to which local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37 and SAFE Circular 30, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of SAFE.



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## RISK FACTORS

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We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents and, therefore, we may not be able to identify all our shareholders or beneficial owners who are PRC residents to ensure their compliance with Circular 37 or other related regulations. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by Circular 37 or other related regulations in a timely manner. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries’ ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could materially and adversely affect our business and prospects.

We may be subject to the approval or other requirements of the CSRC or other PRC government authorities in connection with future capital raising activities. On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, which came into effect on 31 March 2023. See “Regulatory Overview – Laws and Regulations Relating to Overseas Listing” and “Information About this Document and the [REDACTED]” in this document for details.

As advised by our PRC Legal Advisers, we are required to go through the filing procedures with the CSRC under the aforesaid measures. We will file with the CSRC within the specific time limit as required by the CSRC and seek guidance from the relevant regulator and/or our legal advisers to ensure our compliance in all respects. Given that the aforesaid measures and relevant guidelines were recently promulgated, there remain substantial uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing. In addition, it is uncertain whether we can or how long it will take us to complete such filings. Any failure to complete such filings in connection with the [REDACTED] would subject us to sanctions by the PRC regulatory agencies. Furthermore, such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition.

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## RISK FACTORS

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### RISKS RELATING TO THE [REDACTED]

**There has been no prior public market for our Shares, and the liquidity, market price and trading volume of the Shares may be volatile.**

Prior to the [REDACTED], there has been no public market for our Shares. The initial [REDACTED] range for our Shares was the result of negotiations between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us, and such [REDACTED] may differ significantly from the market price for our Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and the permission to deal in, our Shares. However, there is no assurance that the [REDACTED] will result in the development of an active and liquid public trading market for our Shares. The market price, liquidity and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sale or perceived sale of additional Shares by us or other Shareholders.

In addition, shares of other issuers listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

## **RISK FACTORS**

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**The sale or potential sale of substantial amounts of our Shares in the public market and any future offering may affect the prevailing market price of our Shares and our ability to raise capital in the future, and future additional issuance of securities may dilute your shareholdings.**

The sale of substantial amounts of our Shares or other securities related to our Shares in the public market, or the issuance of new Shares or other securities, or the market anticipation that such sale or issuance may occur, may cause fluctuations in the market price of our Shares, and may materially adversely affect our ability to raise capital at a time and at a price as we see fit in the future. Furthermore, if we issue additional securities in future offerings, the shareholdings of the Shareholders may be diluted.

**As the [REDACTED] of our Shares is higher than the net tangible asset value per share, you will experience immediate dilution.**

The [REDACTED] of our Shares is higher than the net tangible asset value per share of the outstanding Shares issued to our existing Shareholders. Therefore, purchasers of our Shares in the [REDACTED] will experience an immediate dilution in the net tangible asset value, and the [REDACTED] adjusted combined net tangible asset value per share of the Shares held by our existing Shareholders will increase. If, in order to expand our business in the future, we issue additional Shares at a price below the net tangible asset value per share, the net tangible asset value per share of our Shares held by the buyers of our Shares may be diluted.

**The market price of our Shares when trading begins could be lower than the [REDACTED], since there will be a gap of several days between pricing and trading of our Shares.**

The [REDACTED] will not commence trading on the Stock Exchange until they are delivered. As a result, there will be a gap of several days between pricing and trading of our Shares and investors may not be able to sell or otherwise deal in the [REDACTED] during that period. Accordingly, holders of the [REDACTED] are subject to the risk that the price of the [REDACTED] when trading begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

**There can be no assurance if and when we will pay dividends in the future. Dividends declared in the past may not be indicative of our dividend policy in the future.**

The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. In addition, any final dividend for a financial year will be subject to shareholders’ approval and the relevant laws. As a result, dividends paid in prior periods may not be indicative of future dividend payments, and we cannot guarantee when, if and in what form dividend will be paid in the future.

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## RISK FACTORS

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**The laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions.**

Our corporate affairs are governed by the Memorandum, the Articles, and by the Cayman Islands Companies Act and common law of Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. The remedies available to our Group’s minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. See “Summary of the Constitution of our Company and Cayman Islands Company Act” in Appendix III in this document for details.

**Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.**

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will remain having substantial control over our Company. See “Relationship with Controlling Shareholders” in this document for details.

Subject to applicable laws and regulations, the Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders, by voting at the general meeting of the Shareholders and at Board meetings. The interest of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

**There can be no assurance of the accuracy or comparability of facts and statistics contained in this document with respect to the PRC, its economy or the industry we operate in.**

Facts and statistics in this document relating to the PRC, its economy and the industry we operate in, including its market share information, are derived from various official and other publicly available sources which are generally believed by us to be reliable, or the Frost & Sullivan Report. However, there can be no assurance as to the quality and reliability of such official source materials. In addition, facts and statistics from official government sources have not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] and [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such official government facts, forecasts or statistics.

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## RISK FACTORS

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**The current market condition may not be reflected in the statistical information included in this document.**

The historical information set out in this document relating to market conditions of the PRC may not reflect the current market situation due to rapid changes in the economy of the PRC. In order to provide context to the industry in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this document. However, this information may not reflect current market condition of the PRC as recent economic development may not be fully factored into these statistics, and the availability of the latest data may lag behind of this document. As such, any information relating to market shares, sizes and growth, or performance in the markets in the PRC and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

**We cannot assure you that our Shares will remain [REDACTED] on the Stock Exchange.**

Although it is currently intended that the our Shares will remain [REDACTED] on the Stock Exchange, there is no guarantee of the continued [REDACTED] of our Shares. Among other factors, we may not continue to satisfy the [REDACTED] requirements of the Stock Exchange. Holders of the Shares would not be able to sell their Shares through trading on the Stock Exchange if our Shares were no longer [REDACTED] on the Stock Exchange.

**The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions.**

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association, the Cayman Islands Companies Act, and the common law of the Cayman Islands. The rights of our Shareholders to take action against our Directors, the rights of minority shareholders to instigate actions and the fiduciary duties 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 rights of our Shareholders and the fiduciary duties of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong or other jurisdictions. This may mean that the remedies available to our minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. A summary of the constitution of our Company and the Cayman Islands Company Act is set out in Appendix III to this document.

## RISK FACTORS

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**Forward-looking statements in this document are subject to risks and uncertainties.**

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. See “Forward-Looking Statements” in this document for details. Such forward-looking statements reflect current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including other risk factors as described in this document. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

**We strongly caution you not to place any reliance on any information contained in press articles, media coverage and/or research analyst reports regarding us and the [REDACTED].**

There may be press articles, media coverage and/or research analyst reports regarding, among others, our Group, our business, our industry, our Controlling Shareholders, our Directors and employees or the [REDACTED], which may include certain financial information, financial projections and other information about us that do not appear in this document. We have not authorised the disclosure of any such information in the relevant publications and we do not accept any responsibility for any such press articles, media coverage and/or research analyst reports or the accuracy or completeness or reliability of any such information or publications. 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 investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this document.