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You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Offer Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business and industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the Global Offering. Additional risks and uncertainties presently not known to us or not expressed or implied below, or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

Risks Relating to Our Business and Industry

Existing economic incentives for our projects may be reduced, modified or eliminated

Our projects enjoy various economic incentives. Preferential electricity prices represent the primary economic incentives for our biomass, solar energy and wind power projects, without which our project profitability may be impacted. For the Track Record Period, the average on-grid tariffs for electricity generated from our biomass, solar energy and wind power projects were RMB0.75/kWh, RMB2.25/kWh and RMB0.61/kWh, respectively, which were much higher than the on-grid tariffs for electricity generated from conventional sources. According to Frost & Sullivan, for example, the on-grid tariff for coal in China ranges from RMB0.30/kWh to RMB0.50/kWh. In addition to preferential electricity prices, we also enjoy direct government subsidies. For example, Jiangsu Province and Anhui Province grant certain subsidies to all biomass projects in operation within those provinces. In addition, some of our projects enjoy additional government subsidies pursuant to the investment or concession agreement for the relevant project. For the years ended December 31, 2014, 2015 and 2016, government grants amounted to HK\$1.7 million, HK\$5.4 million and HK\$15.8 million, respectively.

Going forward, the availability and size of such economic incentives depend, to a large extent, on political and policy developments relating to environmental concerns and the development of the relevant industry. Changes in policies could lead to a significant reduction in or a discontinuation of such government support for renewable energies. Some of these reductions may apply retroactively to existing projects, which could significantly reduce the economic benefits we received. Some of the reductions may apply to future projects, which could diminish the economic incentives or economic feasibility of continuing to develop or acquire new projects. For example, in August 2013, along with the development of the solar energy industry, the NDRC established uniform on-grid tariffs for solar energy based on resource zones. Such new on-grid tariffs were lower than those generally available to projects established prior to the change. On December 26, 2016, the NDRC published the Notice

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Regarding Adjustment to On-Grid Tariffs of Solar Energy and Ground Wind Power Projects (國家發改委關於調整光伏發電陸上風電標杆上網電價的通知), according to which, for solar energy projects commencing operation on or after January 1, 2017, the on-grid tariff will be lowered to RMB0.65/kWh, RMB0.75/kWh and RMB0.85/kWh, representing RMB0.15/kWh, RMB0.13/kWh and RMB0.13/kWh decrease for the three resource zones for solar energy projects in China, and for ground wind power projects approved on or after January 1, 2018, the on-grid tariff will be lowered to RMB0.40/kWh, RMB0.45/kWh, RMB0.49/kWh and RMB0.57/kWh, representing RMB0.07/kWh, RMB0.05/kWh, RMB0.05/kWh and RMB0.03/kWh decrease for the four resource zones for wind power projects in China. A significant reduction in the scope or discontinuation of government incentive programs relating to our projects or our industries could have a material adverse effect on our business, financial condition, results of operations and prospects.

The preferential tax treatments granted to us could expire or be discontinued

We are entitled to various preferential tax treatments, including tax exemptions and reductions for enterprise income taxes and VAT or business tax refunds. For example, under the relevant tax rules and regulations, an eligible environmental protection project is entitled to an enterprise income tax exemption for the first three years after such project generates revenue and a 50% tax reduction for the following three years. Some of our hazardous waste treatment, solar energy and wind power projects in operation are eligible for, and currently enjoy, this tax exemption or reduction. For some of our biomass projects, revenue of the relevant operating company is deemed to be 90% of the actual revenue for purposes of calculating enterprise income tax pursuant to the relevant tax rules and regulations. For the years ended December 31, 2014, 2015 and 2016, our income tax amounted to HK\$25.4 million, HK\$56.3 million and HK\$153.9 million, respectively. In addition, project companies for our biomass, hazardous waste treatment, solar energy and wind power projects are entitled to refunds of up to 100%, 70%, 50% and 50% of the VAT, respectively. For the years ended December 31, 2014, 2015 and 2016, refund of VAT amounted to HK\$15.3 million, HK\$23.2 million and HK\$42.2 million, respectively. Moreover, for fees we receive for our hazardous waste treatment services, we were exempted from business tax, which would otherwise reduce our revenues. If we fail to maintain our qualification for preferential tax treatment, or if any such preferential tax treatment expires or is discontinued, our tax expenses could increase substantially, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

The development of our industries is highly dependent on the PRC government's environmental protection and energy policies, which may change from time to time

The PRC government has promulgated a series of laws and regulations and adopted preferential policies to support the development of the PRC environmental protection industry. We benefit directly and indirectly from many laws, regulations and policies, including preferential on-grid tariffs for renewable energy, mandatory off-take of electricity output, governmental subsidies and favorable tax treatments. For example, more stringent requirements for pollution control and intensified enforcement of environmental compliance have indirectly encouraged the demand for hazardous

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waste treatment services. In addition, the PRC government principally prohibits the construction of any new biomass plant within 100 kilometers or in the same county of an existing biomass plant in order to ensure sufficient biomass resources for each plant to operate efficiently. Going forward, although the PRC government has stated its intention to increase environmental protection related investment and enforcement going forward, and named building an eco-friendly society as one of its core goals for the 13th Five-Year Plan, we cannot assure you that the favorable laws, regulations, and policies which we currently benefit from will be maintained, become more favorable or continue to exist at all. We cannot predict how and to what extent any increased investment will affect the environmental protection industry as a whole or any sub-segments, including the segments we operate in. Therefore, you should not regard the PRC government's intentions or announcements as an indication of the future prospects of our industries or our future performance as we may not directly or indirectly benefit from any future amendments to the relevant laws or regulations, or changes to governmental policies. In the event of any changes to laws, regulations or government policies, if we cannot respond effectively and in a timely manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

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

We enter into BOO and BOT models in respect of our projects. We concluded that most of our biomass projects and hazardous waste treatment projects, including all of our projects under BOT model and, based on a case-by-case review, certain of our projects under BOO model, should be properly accounted for as service concession arrangements under HKFRS. Such determination involves substantial subjective judgment, and is primarily based on whether the local government controls and regulates the services that we must provide along with the infrastructure at a pre-determined service charge. For our projects under BOT model accounted for as service concession arrangements, the relevant infrastructure has to be transferred to the local government at nil consideration upon the expiry of the relevant agreement. For our projects under BOO model accounted for as service concession arrangements, the relevant infrastructure is used under the arrangement for its entire or substantial useful life. See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Service Concession Arrangements."

The accounting treatment of our projects as service concession arrangements has had and will continue to have an impact on our results of operations and financial position. For projects accounted for as service concession arrangements, we recognize revenue during both the construction phase and the operational phase. For projects not accounted for as service concession arrangements, we recognize revenue only when the related services are rendered during the operational phase. Because revenues from construction services are relatively large and the profit margin of our construction services is typically lower than that of our operation services, our results of operation may fluctuate from period to period as a result of the fluctuation in the number of projects accounted for as service concession arrangements in construction and in the operation stage. See "Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements."

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Therefore, when reviewing our business, financial condition and results of operations, you should read our financial statements in light of the impact of the accounting treatment for service concession arrangements in assessing our historical performance and prospects, and of the consequence that our financial position and results of operations may fluctuate from period to period for reasons that do not fully reflect the actual performance of our business.

There is a mismatch between our revenue and the underlying cash flows for our projects accounted for as service concession arrangements

For projects accounted for as service concession arrangements, we recognize revenue during both the construction phase and the operational phase. There is a mismatch between our revenue and the underlying cash flows for such projects, because we generally do not receive actual payments for our construction services and only receive payments for our operational services. For projects not accounted for as service concession arrangements, we recognize revenue only when the related services are rendered during the operational phase. While revenues are recognized during the construction phase for projects accounted for as service concession arrangements, we may not receive sufficient cash payments during the operational phase if the relevant project does not materialize or if the actual cash receipts in the operational phase are smaller than expected. In such case, we may need to recognize impairment or write-offs in the subsequent period for the related intangible assets or gross amounts due from customers for contract work. For accounting treatment of revenue generated from our construction services of projects accounted for as service concession arrangements and how it is presented as “intangible assets” and “gross amounts due from customers for contract work” on our statement of financial position, see “Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements.” Although we did not incur impairment and write-offs related to insufficient cash payments in the operational phases of our service concession projects during the Track Record Period, there is no assurance that such impairment or write-offs will not occur in the future, in which case our financial condition and results of operations may be materially and adversely affected. Therefore, when reviewing our business, financial condition and results of operations, you should read our financial statements in light of the mismatch between our revenue and the underlying cash flows as a result of the accounting treatment for service concession arrangements in assessing our historical performance and prospects.

Our biomass projects in operation depend on a stable supply of high-quality biomass raw materials

Our biomass projects in operation rely on a stable supply of high-quality biomass raw materials. Biomass raw materials we use include agricultural waste such as straw and husks, and forestry residues such as waste wood, debris, tree trimmings and other manufacturing wood waste. Availability of biomass raw materials depends on a variety of factors that are beyond our control, including local climate conditions, farming conditions, crop mix, the amount of local farming area and labor, and seasonal factors. For example, certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material supplies in those areas. Although this drought has not affected us since we did not source any biomass raw materials in those affected areas, there is no assurance that drought will not in the future affect the areas where we source our biomass

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raw materials and lead to a shortage of supply in those areas. In addition, biomass raw materials are mainly collected and transported to our biomass facilities by ground transport, which may be subject to various uncertainties, including the location of source points, road conditions, transportation infrastructure and weather conditions. Due to these uncertainties, we cannot assure you that we will not experience shortages of supply at our facilities. Any shortage of biomass raw materials will lower the electricity or steam output of the affected facility, and in turn lower its revenue. Moreover, the amount of electricity and steam that our biomass facilities can generate also depends on the quality of the biomass raw materials supplied to us. Due to their diverse nature and conditions, biomass raw materials collected from different sources or at different times may vary substantially in terms of calorific value, which is primarily determined by the water content and ash content of the raw materials. We therefore adjust our purchase price for each batch of biomass raw materials based on the water and ash content. However, we cannot assure you that we will always be able to obtain a sufficient supply of high-quality biomass raw materials at a reasonable price or at all. Failure to maintain a continuous and stable biomass supply and variations in quality may affect the operational efficiency of our biomass facilities and the amount of electricity or steam generated at our facilities, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

Fluctuations in the price of biomass raw materials may affect the profitability of our biomass projects

Fluctuations in the price of biomass raw materials are a key factor affecting the operational cost of our biomass projects. For the years ended December 31, 2014, 2015 and 2016, our costs for biomass raw materials amounted to HK\$119.9 million, HK\$186.1 million and HK\$269.5 million, respectively, representing approximately 53.4%, 59.8% and 55.7%, respectively, of our direct costs and operating expenses (excluding construction costs). For a sensitivity analysis of the change of biomass raw material price on our profit during the Track Record Period, see “Financial Information — Factors Affecting our Results of Operations — Biomass Raw Materials Supply and Pricing.” The price of biomass raw materials depends on, among others, the availability of biomass raw materials in the region, labor costs, transportation and storage costs, economic conditions and governmental subsidies and other policies. Shortage of biomass materials may affect the price of biomass materials. For example, certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material prices in those areas. Although this drought has not affected us since we did not source any biomass raw materials in those affected areas, there is no assurance that drought will not in the future affect the areas where we source our biomass raw materials and lead to a temporary hike in the supply prices in those areas. We adjust the price we pay for biomass raw materials according to quality on a batch-by-batch basis so that at a given time, the supply price per unit of energy is consistent for different batches of raw materials with divergent ash and water content. However, the price per unit of energy could still increase or fluctuate substantially from period to period. For the years ended December 31, 2014, 2015 and 2016, the average unit price was RMB261.9 per ton, RMB300.3 per ton and RMB304.9 per ton, respectively. As the electricity or steam sale price under the relevant power or steam purchase agreements may not be timely and adequately adjusted for the price of biomass raw materials, increases in such price may affect the profitability of our biomass projects.

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We rely on power grid companies for grid connection and electricity transmission and distribution services and may experience limitations on the dispatch of our electricity due to grid congestion or other grid constraints

Our power generation facilities need to be connected to local power grids and rely on power grid companies to provide dispatch services and purchase the electricity generated from our facilities.

We rely on local grid companies to construct and maintain the infrastructure and provide the electricity transmission and dispatch services necessary to connect our projects to the local grids. The transmission and dispatch of the output of a facility may be curtailed as a result of various grid constraints, such as grid congestion, restrictions on transmission capacity of the grid and restrictions on electricity dispatch during certain periods. In China, these grid constraints may be caused by increasing demand for electricity. There may be periods when the local grids do not have sufficient capacity to transmit and dispatch the full output of the facilities to which they are connected. In the event of grid constraints, the relevant grid may require any of our facilities to reduce net electricity generation, which in turn may reduce the expected revenue from that particular facility. Power plants may not receive compensation for reductions in electricity generation due to grid constraints. We did not experience any material grid congestion or grid constraints during the Track Record Period. However, our projects may be impacted in the future by limitations on the dispatch of electricity due to grid congestion or other grid constraints, which may cause some of our projects to experience temporary limitations on electricity output. If there is a decline in electricity output due to grid constraints or failure to perform the power purchase agreements by the local grid companies, our electricity sales, business, financial condition, results of operations and prospects may be materially and adversely affected.

Furthermore, electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to routine repair and maintenance, construction work and other factors beyond our control. We may not be able to secure or maintain all necessary connections to local grids, and failure or delays to secure grid connection will reduce power generation and limit our operational efficiencies, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

We are exposed to environmental risks due to the nature of our operations. Combustion of biomass raw materials generates air pollutant, such as CO₂, NO_x, SO_x and dusts. While biomass power generation produces a substantially lower level of emission than fossil fuel power generation and open air incineration of biomass materials as it produces negligible amounts of NO_x and SO_x, the emission of CO₂ per kWh of electricity generated by coal, oil, natural gas and biomass fuel are approximately 1.0kg, 0.8kg, 0.5kg and 1.4kg, respectively, according to Frost & Sullivan. Depending on

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the composition of biomass raw materials used, biomass power plants may emit more CO₂ than fossil fueled power plants as wood and certain other types of biomass materials are carbon-rich, but not particularly energy-rich, especially when compared with natural gas power plants. Biomass power plants may also be less efficient than gas and coal-fueled power plants, partly because biomass fuels tend to have relatively higher moisture content. Despite our pollutant control efforts, our operation of biomass facilities and hazardous waste treatment facilities still produce air, water and ash pollutants. The types and amounts of pollutants may increase unexpectedly due to a number of factors, including variations in the quality of biomass raw materials, the mix of hazardous waste, downtime at our facilities or occurrence of accidents or natural disasters. Unexpected leakage of hazardous materials could also occur at our facilities, which may be due to natural forces, damage or hidden defects in the infrastructure. In the event that we are unable to adequately and efficiently operate our facilities in compliance with the relevant environmental requirements, we may be subject to penalties, liabilities or administrative actions, and our reputation may be damaged. In addition to monetary penalties, we may have to modify or upgrade our facility or equipment to satisfy tightened requirements, or perform major maintenance on our facilities or overhaul our equipment, which may lead to substantial costs and reduced utilization. For example, after we acquired our Lianyungang Hazardous Waste Incineration Project (Phase I), due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards, in order to renew the hazardous waste business license and commence operation. Any of these could materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

The construction and operations of our facilities are subject to inherent operational and safety risks

Due to the nature of our business, we engage in certain inherently hazardous activities, including the use of heavy machinery and working with hazardous waste and flammable and explosive materials. Our project construction and operation processes involve additional risks and hazards, including breakdown, equipment failure, improper installation or operation of equipment, improper usage or release of chemicals, labor disturbances, weather interferences and natural disasters, environmental hazards and industrial accidents. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of our operations or even imposition of civil or criminal penalties, which could in turn cause us to incur costs and damage our reputation. In particular, our employees are subject to greater risks of workplace accidents than employees in other industries. In the event of any workplace accident that involves personal injury or death, we may incur significant costs for compensation that exceed our or our contractor's insurance coverage. In addition, hazardous waste delivered to our treatment facilities may contain unexpected hazardous, toxic, corrosive, contaminated, contagious or other dangerous elements that may require us to temporarily suspend our operations to enable the physical removal or chemical treatment of the affected materials prior to processing such waste. Despite our efforts, we cannot assure you that we will be able to prevent the occurrence of environmental or safety incidents at our facilities or to remain in compliance with all applicable safety requirements and standards. Any material operational incidents or non-

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compliance, including but not limited to the above events, may have a material adverse effect on our business, financial condition, results of operations and prospects.

Negative public response to the hazardous waste treatment business and waste-to-energy business in general or our projects specifically may adversely affect our business

Recent social demonstrations illustrated a growing challenge in China to the construction of large hazardous waste treatment projects when local residents perceive pollution risks as well as concerns about local economy, land use, corruption and governmental transparency. Local residents may also object to or dislike waste-to-energy projects located or to be constructed in their neighborhood. For example, in August 2016, due to the negative public response to our Luhe Integrated Biomass and Waste-to-Energy Projects, the Luhe government has decided to look for a new location for such projects. We are in discussion with the Luhe government regarding the new location. We cannot assure you that such incident due to negative public response or otherwise will not happen again in the future and our business operations will not be disrupted by any such protests or objection, which would, among others, negatively affect our corporate image and reputation. We have implemented public outreach programs including publicly disclosing environmental protection and pollutant emission information and inviting local residents to participate in our facility tours. However, there can be no assurance that these measures will successfully prevent any future protests against our facilities. In the event of any protests and negative publicity against our facilities, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We will incur landfill site closure and post-closure costs in the future

We are required to cap and close our landfill sites and therefore incur capping and closure costs once the relevant landfills are fully filled. We may also incur post-closure maintenance costs for landfill sites that we own and operate. In addition, the completion or closure of a landfill site does not necessarily end our environmental obligations. After completion or closure of a landfill site, it is possible for unforeseen environmental problems to occur that could result in substantial remediation costs. The estimated closure costs will be accounted for as part of the concession service arrangement with relevant costs and revenue recognized when the closure work is performed. In addition, unforeseen remediation costs incurred after closure of a landfill will be accounted for when the obligation arise and the costs can be measured reliably. If our actual closure costs are higher than expected, or if we incur unforeseen costs after closure, our business, financial condition, results of operations and prospects could be adversely affected.

Our solar energy and wind power projects depend heavily on suitable meteorological conditions

The quantity of electricity generation from a solar energy project will depend on sunlight conditions and the quantity of electricity generation from a wind power project will depend on wind conditions. Variability in sunlight and wind conditions can cause our project revenues to vary significantly from period to period. We base our decisions about where to construct new solar energy or wind power projects as well as our electricity generation estimates on meteorological studies

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conducted on the project site and its region. For example, before the construction of a solar energy project, we will measure the amount and intensity of sunlight under different weather conditions at different times. Before the construction of a new wind project, we will measure the wind speed, prevailing direction and seasonal variations. Projections of wind resources will also rely upon assumptions about turbine placement, interference between turbines and the effects of vegetation, land use and terrain, which involve uncertainty and require us to exercise considerable judgment. We may make incorrect assumptions in analyzing the sunlight, wind and other meteorological conditions and in projecting future conditions. Even if the historical sunlight or wind resources of a project are consistent with our long-term estimates, the unpredictable nature of sunlight or wind conditions often results in daily, monthly and yearly material deviations from the average sunlight or wind resources we may anticipate during a particular period. If the sunlight or wind resources at a project are materially below the average levels we expect for a particular period, our revenue from electricity sales from the project could correspondingly be less than expected. Any of these factors could cause our solar energy or wind power projects to generate less electricity than we expect and reduce our revenue from electricity sales, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to adapt to rapidly changing technologies

Our continued success and competitiveness depend on our ability to adapt to rapidly changing technologies. We have been primarily using water-cooled vibrating moving grate boilers which are the advanced technologies in the industry for our biomass projects. Our hazardous waste treatment business relies heavily on treatment technologies, as different types of waste require different treatment processes which involve multiple methods and technological applications. Suitable treatment technologies are critical for ensuring safety, efficiency and minimum environmental impact. For our solar energy projects, we rely on crystalline silicon and thin-film amorphous silicon panels, and for our wind power projects, we rely on double-fed asynchronous turbines, which is the main stream technology for the PRC wind power industry. These technologies are subject to continuous evolution and changes, and we cannot assure you that we will be able to keep up with changes in technology 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 operating and research and development costs. For example, after we acquired our Lianyungang Hazardous Waste Incineration Project (Phase I), due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards in order to renew the hazardous waste business license and commence operation. We may adopt advanced technologies, including mature technologies available overseas, that turn out not to be suitable or optimal for us due to unexpected raw material conditions, mix and characteristics or hazardous waste characteristics in China or regions where we operate, or we may have to invest in

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research and development efforts to test, modify and customize such technologies for local conditions. If we fail to adapt to rapidly changing technologies, we may not be able to maintain or improve our competitive position, which will have a material adverse impact on our business, financial condition, results of operations and prospects.

During the Track Record Period, our research and development was conducted together with other research and development activities of CEIL prior to the Spin-off. As part of our efforts to keep up with the rapidly changing technologies and maintain our competitiveness, we plan to establish our own research and development institute and focus on research and development to improve operational efficiency and minimize emissions and residues. We may fail to successfully establish our own research and development institute or employ qualified research and development personnel, or we may incur significant research and development costs. If any of these situations occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may be adversely affected if there is any significant downtime at our facilities for repair and maintenance

We anticipate downtime for routine repairs and maintenance at our facilities. For example, we maintain our biomass boilers with a maintenance cycle from three to six months, and carry out an overhaul when we identify a significant change in equipment conditions through our monitoring practices. A major overhaul of our biomass boilers normally requires the entire unit to be shut down for more than ten days. The time and cost required for such repairs and maintenance could also exceed our expectations, depending on factors including whether any required repair can be done on-site, the extent of damage, the availability of replacement components, and the capacity of our third-party repair and maintenance service providers. In addition to routine repair and maintenance, extraordinary or extensive repairs to our facilities may be required due to catastrophic events, substantial damage or other unexpected events or component failure. Our facilities could experience prolonged or significant downtime or reduction in capacity, and our operations could be materially disrupted. For example, some of the solar panels at our Changzhou Rooftop Solar Energy Project were destroyed in April 2015 by a severe storm, and caused suspension of operations of the damaged panels for a period of approximately four months, during which the output of this project decreased. For certain damage to equipment, the relevant equipment may need to be transported to the original supplier for repair and specialized components may need to be commissioned, which may take up to several months. Any significant downtime at our facilities may reduce our total output and utilization, or lead to breach or termination of agreements with our customers. Any of these could adversely affect our business, financial condition, results of operations and prospects.

Failure to achieve sufficient utilization of our facilities may adversely affect our earnings

Almost all of our projects have been, or will be, built to a specified capacity in accordance with the terms of the relevant investment or concession agreements with the local governments. A number

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of factors may affect the utilization of our facilities, including operating hours and efficiency of the facilities, which may in turn lower the output of the facilities. For example, the utilization hours and conversion efficiency of our biomass facilities would be adversely impacted by a shortage of biomass supply or a reduction in the quality of biomass raw materials. For example, certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material supplies in those areas. Although this drought has not affected us since we did not source any biomass raw materials in those affected areas, there is no assurance that drought will not in the future affect the areas where we source our biomass raw material and affect the utilization of our facilities in those areas. The utilization rate of our hazardous waste treatment facilities may be adversely impacted if there is reduced demand for hazardous waste treatment from industrial customers due to their reduced production in times of economic downturns. The utilization hours and conversion efficiency of our solar energy and wind power facilities will depend on weather and natural conditions. Utilization could also be affected by damage, overhaul, or regulatory inspections, whether scheduled or *ad hoc*. We cannot assure you that the facilities we operate will be able to achieve the forecast utilization of their capacity, which may adversely affect our business, financial condition, results of operations and prospects.

Our industries are highly competitive

Our industries are highly competitive. Our biomass business faces intense competition from Kaidi, NBE and Chant Group who collectively had 40.0% of the market share in terms of biomass power generation designed capacity for projects in operation, under construction and under planning as of December 31, 2016, according to Frost & Sullivan. The hazardous waste treatment industry in China is highly fragmented, and the ten largest companies in China in terms of designed disposal capacity in operation accounted for only 7.9% of the total designed disposal capacity in operation in 2016, according to Frost & Sullivan. We also face intense competition in our solar energy and wind power business. According to Frost & Sullivan, in 2016, five largest solar energy companies accounted for nearly 30% of the total installed capacity and five largest wind power farms accounted for around 50% of the total installed capacity. Some of our competitors may have more advanced technologies, a lower cost structure, better customer services, stronger and established relationships with local governments, greater familiarity with local market conditions and greater financial, technical, marketing and other resources than we do. Our biomass, solar energy and wind power projects may also encounter competition from producers of electricity from other clean energy sources due to technological advances or governmental support. In addition, some foreign companies with more advanced technologies may try to enter the PRC market or otherwise compete with us. Moreover, due to the rapid growth of the relevant industries recently, and the potential growth of these industries in the near future, failure to maintain competitiveness could severely impact our ability to expand or maintain our market position, increase our market share, or promote our brands. Any of these may materially and adversely affect our business, financial condition, results of operations and prospects.

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We may not be able to identify and secure new projects on commercially acceptable terms, or at all

Our ability to expand depends on our ability to identify and secure suitable projects at our target regions. The key factors we consider in project selection include the following, as applicable:

- availability and quality of biomass, solar or wind resources or the volume of hazardous waste and household waste generated in the relevant area;
- the severity and public awareness of environmental issues, including environmental pollution, in the target area, as well as the level of environmental compliance enforcement;
- the strength and availability of policy support from the local government, and our relationship with local government;
- resource zones of the relevant area for preferential electricity on-grid tariffs;
- local demand for hazardous waste treatment services;
- industrialization and urbanization level and population density;
- convenience and accessibility for our target customers;
- location and nature of our existing projects;
- the availability of supporting facilities, such as power grid infrastructure;
- competition (including existing projects of our competitors) in the surrounding area;
- availability and cost of financing;
- general economic conditions and development prospects of the local area; and
- infrastructure, urban planning, zoning and the development plan of the local government.

The supply of suitable new projects is limited. Even if we can identify opportunities for new projects, we need to negotiate with local government regarding commercial terms for our investments, and may face competition from other companies providing similar services as ours. We cannot assure you that in the future we will be able to identify and obtain suitable new projects on terms commercially acceptable to us, or at all. In the event that we encounter difficulties in securing suitable projects for our expansion, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to successfully develop and manage our unique business model of integrated biomass and waste-to-energy projects

We have developed a unique business model of integrated biomass and waste-to-energy projects to provide one-stop services for local governments to handle both biomass raw materials and household waste at the same location. However, we cannot assure you that we will successfully develop and manage the integrated projects. The waste-to-energy facility of our first pair of integrated biomass and waste-to-energy projects located in Dangshan has been integrated with our existing

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biomass power generation facility and started to generate operation revenue in April 2016. In addition to this pair of integrated projects, as of the Latest Practicable Date, we had 11 additional pairs of integrated biomass and waste-to-energy projects under construction or at the planning stage. As we have limited experience in successfully developing and managing this unique model, we may fail to achieve the synergies expected from such projects. If this happens, the efforts and resources we previously invested in developing and planning our pipeline integrated projects may be wasted. In addition, we may not be able to obtain suitable waste-to-energy projects on commercially acceptable terms, or at all, to be integrated with our biomass facility in order to continue developing our unique business model. In the event that we fail to successfully develop or manage our pipeline integrated projects or encounter difficulties in developing new integrated projects for our expansion, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our projects rely on a limited number of power purchasers

Our biomass, solar energy and wind power projects enter into power purchase agreements with state or local power grids. For the years ended December 31, 2014, 2015 and 2016, our five largest customers were power grid companies and local governments in Jiangsu Province and Anhui Province, who collectively accounted for approximately 90.2%, 78.8% and 60.1% of our total revenues, respectively. During the same periods, our largest customer accounted for approximately 33.4%, 29.2% and 17.5% of our total revenues, respectively. There is only one power grid company in a given geographic location. Therefore, our projects will be highly dependent upon the sole power purchaser fulfilling its contractual obligations under its respective power purchase agreement, including payment obligations and obligations relating to grid connection and infrastructure. Our projects' power purchasers may not timely or fully comply with their contractual payment obligations. As the power grids are controlled by governmental entities, our projects may also be subject to legislative or other political action that impairs their contractual performance. Failure by any key power purchasers to meet their contractual commitments could have a material adverse effect on our business, financial condition, results of operations and prospects.

Prices for electricity are subject to the government's sole discretion

Revenues derived from our biomass, solar energy and wind power projects consist primarily of on-grid tariffs under the relevant power purchase agreements. We are generally entitled to a fixed on-grid tariff depending on the source of electricity. The on-grid tariff is determined uniformly at the national level with respect to biomass projects, and by reference to different resource zones with respect to solar energy and wind power projects. Adjustments to on-grid tariffs are subject to the sole discretion of the PRC government. There is no assurance that the relevant government authorities will timely increase the price in response to increases in the relevant benchmark prices of key cost indices or at all. Furthermore, even if the PRC government adjusts the on-grid tariffs, there is no guarantee that such adjustments will fully compensate us for any increase in our actual operating costs. As the relevant industries become mature, the PRC government may also reduce the applicable on-grid tariffs. For example, along with the development of the solar energy industry, the NDRC established

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uniform on-grid tariffs for solar energy based on resource zones, and such new on-grid tariffs were lower than those generally available to solar energy projects established prior to the change. If we incur significantly higher operating costs without a corresponding increase in the on-grid tariffs, we may not be able to sustain our profitability or may even incur a loss, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our projects are geographically concentrated and may be affected by local policies, events and economic conditions, especially in Anhui Province and Jiangsu Province

Our operations and customers are concentrated principally in Anhui Province and Jiangsu Province. As of the Latest Practicable Date, we had 24 projects in operation, out of which six are located in Anhui Province and 14 are located in Jiangsu Province. For the years ended December 31, 2014, 2015 and 2016, revenues contributed by projects in Anhui Province and Jiangsu Province accounted for 99.3%, 97.4% and 89.8% of our total revenues, respectively. As of the Latest Practicable Date, we had 44 pipeline projects, out of which ten are located in Anhui Province and 15 are located in Jiangsu Province. Each of our projects is local in nature. The economic returns from each of our projects may differ significantly based on their locations as well as the local governments' spending policies and development plans and priorities. Accordingly, our business in one or more regions or local markets may be adversely affected by events, economic conditions and changes in local governmental policies relating to those regions or markets. In addition, there is no assurance that we can achieve favorable economic returns in any new market we are entering or plan to enter into in the future.

If we default on the obligations contained in the investment or concession agreements for any of our projects, the relevant local governments may make claims against us or terminate our agreements with them

We typically enter into BOO or BOT investment or concession agreements for our projects with local governments, under which we are entitled to operate and manage the relevant facilities or landfills. Under these agreements, our operation and management of facilities may be subject to various technological, management and regulatory changes. These agreements may also impose ownership or other restrictions on us. If we fail to meet the contractual standards, abide by the restrictions, or respond effectively to various technological, management or regulatory changes during the contractual period, or if we mismanage our facilities or otherwise default under the relevant agreements, the relevant local governments may terminate the relevant agreements with us prior to their expiration, which would materially and adversely affect our financial condition and results of operation. See "Business — Our Customers — BOO and BOT Models." In addition, our reputation may be negatively affected under these circumstances, which could further adversely affect our ability to obtain new projects.

The investment or concession agreements for our projects typically impose various obligations on us, which include construction of the relevant facility, arranging sufficient financing, submitting appropriate development plans for the project, complying with applicable regulatory requirements,

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meeting construction deadlines and fulfilling production targets. As of the Latest Practicable Date, we had 44 projects under construction or at the planning stage. We cannot assure you that the development of our projects will not be delayed or that these projects will meet the requirements and expectations of the local governments. If we fail to complete the projects according to the requirements or otherwise default on our obligations under any of these agreements, the relevant governments may terminate the agreements. In these situations, there is no assurance that we will be able to maintain our interest in the relevant project or that the project would generate the revenue that we had originally expected. We may also lose all or part of our investment in a project in the event of the termination of the relevant agreements. In addition, the local government may make claims against us for our failure to implement the projects pursuant to the relevant agreements and if we are found liable for such failure, we may be required to compensate for the losses of the local governments, the amount of which could be substantial. Our business, financial condition, results of operations and prospects may be materially and adversely affected as a result of any such situations.

Our revenues rely on payments from PRC governmental entities

Our customers include power grid companies who purchase electricity generated from our biomass, solar energy and wind power projects and local governments who pay waste treatment fees for household waste treatment services provided by our integrated biomass and waste-to-energy projects. In general, the PRC government's spending on environmental protection has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in China's economic and political conditions. Therefore, to the extent that our projects are providing services to, or receive payments from, PRC governmental entities, the timing of invoicing and collection of payments under our investment or concession agreements and on-grid tariffs under the electricity offtake agreements are subject to delays or changes as a result of changes in the government's policies. For example, we have experienced fluctuation in the periods for payment of the on-grid tariffs by the local power grid companies. See "Financial Information — Description of Selected Statement of Financial Position Line Items — Debtors, Other Receivables, Deposits and Prepayments." The failure of any of our governmental customers to make timely payments for our services could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We had not obtained proper land use rights with respect to some of our properties

During the Track Record Period, we occupied certain land for our Ningwu Wind Power Projects and Zibo Hazardous Waste Incineration Project (Phase I) prior to the obtaining of the relevant land use right certificate. See "Business — Legal Compliance — Non-Compliance Relating to Our Ningwu Wind Power Projects" and "Business — Legal Compliance — Other Non-Compliance — Unauthorized Occupation of Land." For lack of land use rights, the relevant authorities may impose fine or penalty on us, require us to vacate the premises, demolish the relevant buildings built on the relevant land, or confiscate such buildings. Our project companies for Ningwu Wind Power Projects and Zibo Hazardous Waste Incineration Project (Phase I) have been subject to various such penalties. See "Business — Legal Compliance." Obtaining valid land use right certificates is also a prerequisite for subsequent construction related permits and approvals and the application for building ownership

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certificates. We have been subject to penalties for failure to obtain permit for commencement of construction work and may be subject to additional penalties with respect to other non-compliance. See “— We may fail to obtain or maintain the approvals, permits, licenses and certificates required for our operations.” As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), properties without valid title are subject to material restrictions of property rights, and may not be sold or accepted by banks as security for mortgages until we obtain the proper title certificates. We cannot assure you that our title to or use of the relevant land and buildings will not be further challenged in the future or we will be able to obtain the proper land use rights for our future projects due to factors beyond our control. Any of these may have a material adverse effect on our business, financial condition, results of operation and prospects.

We have not obtained building ownership certificates with respect to some of our properties

As of the Latest Practicable Date, we had not obtained the building ownership certificates for buildings with an aggregate GFA of approximately 30,124 sq.m., representing approximately 3.7% of the aggregate GFA of the buildings occupied by us. These buildings are occupied by us for our Suzhou Hazardous Waste Landfill Project, Guanyun Hazardous Waste Landfill Project, Zibo Hazardous Waste Incineration Project (Phase I), Ningwu Wind Power Projects, and Suqian Biomass Heat Supply Project. See “Business — Properties — Our Owned Properties.” Although we have not been subject to any fine, penalty or administrative order by the relevant authorities due to the lack of building ownership certificates and there is no PRC law which authorizes the government authorities to impose fine or penalty on us or to require us to vacate or demolish the relevant buildings due to the lack of building ownership certificates, there is no assurance that the PRC government will not issue new laws or regulations to penalize the lack of building ownership certificates for the buildings we own. There is also no assurance that the PRC government or any third party will not challenge our use or title of the relevant buildings for lack of building ownership certificates. Furthermore, due to lack of building ownership certificates, our rights with respect to the relevant buildings are materially restricted. As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), we cannot sell, transfer, pledge or otherwise dispose of the relevant buildings before registration of the building ownership and obtaining the ownership certificates with respect to such buildings. We are in the process of obtaining relevant building ownership certificates. There is no assurance that we will be able to obtain the relevant building ownership certificates without incurring additional costs or at all. Any of these may have a material adverse effect on our business, financial condition, results of operations and prospects.

We have failed to obtain, and may fail to maintain the approvals, permits, licenses and certificates required for the construction of our projects

We are required to obtain various approvals, permits, licenses and certificates from various governmental authorities for the development of our projects. In general, our projects under construction require an environmental assessment report approval, a construction planning permit and a permit for commencement of construction work. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), with respect to failure to obtain the relevant permits

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prior to construction, the competent authority may order us to rectify the non-compliance within the prescribed time and/or demolish the relevant buildings within the prescribed time, and may impose a fine up to 10% of the total construction costs of the relevant building for the lack of a construction planning permit, up to 2% of the total construction costs of the relevant building for the lack of a permit for commencement of construction work. With respect to failure to obtain the environmental assessment report approval prior to construction, the competent authority may order us to cease the construction and impose a fine of no less than 1% and up to 5% of the total construction costs. Once construction is completed, we must pass the relevant completion inspections by various governmental authorities to obtain a completion certificate for construction work, complete the registration of the completion certificate for construction work and complete the environmental inspection and acceptance and fire safety inspection. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), with respect to failure to obtain the construction completion certificate prior to commercial operation, the competent authority may order us to rectify the non-compliance and/or demolish the relevant buildings within the prescribed time or to cease operation, and may impose a fine of up to 4% of the total consideration of the construction contract of the relevant building. With respect to failure to complete the registration of the completion certificate for construction work, the competent authority may impose a fine of up to RMB500,000. With respect to failure to pass the environmental inspection and acceptance prior to commercial operation, the competent authority may order us to cease operation and may impose a fine of up to RMB100,000. With respect to failure to pass the fire safety inspection prior to commercial operation, the competent authority may order us to cease operation and may impose a fine of up to RMB300,000.

As of the Latest Practicable Date, we were unable to timely obtain the permit for commencement of construction work related to our Ningwu Wind Power Projects and were subject to penalties. We failed to timely complete the registration of the completion certificate for construction work for our Ningwu Wind Power Projects and Suzhou Hazardous Waste Landfill Project and may be subject to penalties. See “Business — Legal Compliance — Non-Compliance Relating to Our Ningwu Wind Power Projects” and “Business — Legal Compliance — Other Non-compliance — Late Registration for Completion Certificate for Construction Work.” We cannot assure you that the relevant government authorities will not impose fine on us, order us to stop construction or demolish buildings constructed, or impose other penalties on us with respect to the relevant projects. There is no assurance that we will be able to obtain the relevant certificate or complete the required inspection in a timely manner or at all. Any of these may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

We are required to obtain various approvals, permits, licenses and certificates from various governmental authorities for our operations. Our biomass projects require electric power business licenses and pollutant discharge licenses. Our hazardous waste treatment projects are required to have hazardous waste business licenses and pollutant discharge licenses. Our solar energy and wind power projects are required to have electric power business licenses. We may also need to obtain special

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licenses, such as hazardous waste transportation licenses or special equipment use certificates, for our operations. See “Business — Licenses and Permits.” Procedures for granting such permits vary geographically, and certain projects may not timely receive their permits for a variety of reasons. In addition, some of these approvals, licenses, permits and certificates are subject to periodic review and renewal by governmental authorities and the standards of compliance required in relation thereto may from time to time be subject to changes without substantial advance notice. For example, the hazardous waste business license is valid for five years and should be renewed upon expiration. Any changes in the existing policies in relation to the renewal criteria or standards of compliance may result in our failure to obtain or maintain such approvals, permits, licenses and certificates, imposition of fines and other penalties or incurrence of additional costs of compliance, which would in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

We are in the process of obtaining the pollutant discharge licenses for Guanyun Hazardous Waste Landfill Project and Binhai Hazardous Waste Landfill Project. We cannot assure you that we will be able to obtain the required approvals, licenses, permits and certificates in a timely manner or at all. If we fail to obtain the required approvals, permits, licenses and certificates, we may be subject to fines and penalties imposed by the relevant governmental authorities and may be required to suspend the operation of such facilities. Any penalties, allegations or proceeding arising from the lack of required approvals, licenses, permits and certificates may have an adverse effect on our business, financial condition, results of operations and prospects.

Concessions for certain of our integrated biomass and waste-to-energy projects were granted by the relevant governmental customers without their complying with the tender requirement under the Concession Measures

We rely on our government customers to comply with applicable laws and regulations in respect of the procedures for granting concession rights to us. In particular, the Concession Measures require municipal public utility authorities to grant concession rights for waste-to-energy projects through a tender process, if such projects are operated under concession rights. Such tender requirement under the Concession Measures is applicable to projects granted prior to June 1, 2015. See “Regulatory Overview — Project Development — Bidding and Tender Requirement.” For all of the waste-to-energy projects of our integrated biomass and waste-to-energy projects granted prior to June 1, 2015, the relevant municipal public utility authority did not grant the concession rights to us through a tender process in compliance with the Concession Measures. These projects contributed nil, 20.0% and 12.0% of our revenue and nil, 20.1% and 12.1% of our profit for the years ended December 31, 2014, 2015 and 2016, respectively. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), as the Concession Measures are departmental rules, failure to comply with the Concession Measures by our governmental customers will not by itself render the relevant concession agreements invalid, while the legal implications and the potential liability for us are uncertain because the Concession Measures are silent on penalties and legal consequences with respect to concessionaires for non-compliance on the part of governmental authorities with respect to the tender requirements. We had no control over the concession right granting procedures, and will not be able to rectify such non-compliance with the Concession Measures after the fact. In the event

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that the relevant concession agreements are affected or challenged by third parties for such reasons, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to comply with governmental procurement laws and regulations, we could lose business and be liable for various penalties or sanctions

We must comply with relevant laws and regulations relating to the formation, administration and performance of government contracts. These laws and regulations affect how we conduct business with our government customers. Failure to comply with these laws and regulations can lead to contractual damages or severe penalties, both civil and criminal, or suspension and disqualification from contracting with the local governments. For example, if a company makes an incorrect, false or fraudulent claim to the government for payment or approval, it could be subject to potentially substantial penalties. If we fail to comply with these laws and regulations, our reputation may be damaged, which could impair our ability to secure government contracts in the future or renew existing contracts. We are also routinely subject to governmental audits relating to our investment or concession agreements. A finding of significant operation deficiencies in our system audits or other reviews can result in withholding of payments until the deficiencies are corrected and our corrections are accepted by the local governments. Government audits and reviews may conclude that our practices are not consistent with applicable laws and regulations and result in adjustments to contract costs and mandatory customer refunds. Such adjustments can be applied retroactively, which could result in significant amount of refunds. Our receipt of adverse audit findings could materially and adversely affect our business, including our ability to secure new contracts and our competitive position in the bidding process. A determination of non-compliance with applicable contracting and procurement laws, regulations and standards could also result in the local governments imposing penalties and sanctions against us, including suspension of payments and increased government scrutiny that could delay or adversely affect our ability to invoice and receive timely payment on contracts, perform contracts, or compete for contracts with the local governments in future. Any of the above could have a material and adverse impact on our business, financial condition, results of operations and prospects.

Our facilities are subject to governmental actions on urban planning and re-development which may result in expropriation and unilateral termination of our facilities without adequate compensation

Our facilities in China are subject to political and regulatory uncertainties relating to urban planning, zoning and re-development, and may be affected by government actions to cancel contracts, renounce or default on contractual obligations, renegotiate terms unilaterally, or expropriate assets from time to time with little, if any, prior notice. There can be no assurance that we will identify and acquire the required land as per our schedule of implementation. Furthermore, there can be no assurance that the operations of our remaining facilities will not be suspended or terminated by the government due to changes in urban planning or other regulatory or policy reasons in the future. In the event of any suspension or termination, we may experience a material decrease in revenues and profits. Moreover, legal or financial remedies available to compensate us for expropriation or other governmental takings may be inadequate, which could result in the total loss of an investment in our

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facilities. Any of these could have a material adverse effect on our business, financial condition, results of operations and prospects.

The construction of our facilities is subject to risks which could give rise to delays or cost overruns

The design and construction of our facilities is generally undertaken by third-party contractors. There can be no assurance that such contractors will be able to complete construction in a timely and cost-effective manner and in accordance with the project design and specification. Construction delays or defects at any of our projects could result in loss or delayed receipt of revenues, increase in financing costs, reduced cash flows or failure to meet profit and earnings projections. Furthermore, the failure to complete project construction according to specifications can result in financial penalties, breach or termination of contracts, reduced plant efficiency, higher operating costs and reduced or delayed earnings, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the construction of a facility, including its ancillary facilities, may be adversely affected by many factors which are commonly associated with the construction of infrastructure projects and which may be beyond our control, including but not limited to delays in receiving requisite approvals, licenses or permits, shortages of and delays in deliveries of equipment or materials, work strikes and labor disputes, unforeseen engineering, design, environmental or geological problems, weather interference and natural disasters, and unanticipated cost increases. For example, our Guanyun Hazardous Waste Landfill Project incurred cost overrun above the original budget as the actual geological conditions of the site chosen for Guanyun Hazardous Waste Landfill Project deviated in certain aspects from the initial study of its geological conditions when we estimated the construction costs which is unforeseeable and resulted in higher construction costs. Any such factors could give rise to delays or cost overruns and any insurance coverage or liquidated damages claims that we have may not be adequate to compensate us for these costs. In particular, fluctuations in prices of construction materials, equipment and components used in project construction may impact our financial performance as a whole. To the extent that increases in the prices of construction materials, equipment and components cannot be passed on to our customers or are not borne by the third-party contractors we engage to provide construction services, such increases could have a material adverse impact on our business, financial condition, results of operations and prospects.

We rely on third-party equipment suppliers

Our business is significantly affected by the availability, cost and quality of equipment, which we need in order to construct, develop, operate and maintain our facilities. The prices and availability of equipment depend on many factors beyond our control, including technology, economic conditions, competition, availability of quality suppliers, production levels and transportation costs in China. If, for any reason, one or more of the equipment suppliers that we rely upon ceases or reduces production, or provide us with equipment that does not meet our specifications, or at prices that are not competitive or not expected by us, we may be unable to quickly identify alternate suppliers on commercially reasonable terms. Our ability to meet our project requirements may be impaired, our

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construction schedules and our operations could be disrupted, operational efficiency of our facilities may be affected, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our leasehold interests in certain leased properties were subject to defects

As of the Latest Practicable Date, our leasehold interest in leased properties with an aggregate site area of approximately 130,007 sq.m., which accounted for approximately 4.9% of the total site area of the properties occupied by us, were subject to certain defects. See “Business — Properties — Our Leased Properties.” According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), a lessor’s failure to obtain proper title certificates for leased properties may preclude us from enforcing our rights under the relevant lease agreement. As a result, any dispute or claim in relation to the rights to lease and use the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may require us to relocate our business operations. If any of our leases were terminated as a result of any challenge by third parties or any failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation. Any such relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and prospects. In addition, we have not filed premises leasing contracts we entered into with the competent real estate administrative department for records, and we may be subject to a fine of up to RMB10,000 for each incident of the failure to file leasing contracts with the competent real estate administrative department for records.

We may fail to comply with applicable laws, regulations or standards relating to our operations or to control the associated compliance costs

The nature of our business requires us to comply with applicable government policies, laws, regulations and industry standards relating to our operations. Such regulations cover a wide variety of matters, including but not limited to pollutant emission, environmental protection, labor regulations, social security insurance and worker safety. If our business operations fail to comply with any applicable laws or regulations, we may be subject to fines and penalties, and incur substantial expenses to mitigate, remedy or rectify such non-compliance. For example, after we acquired our Lianyungang Hazardous Waste Incineration Project (Phase I), due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards in order to renew the hazardous waste business license and commence operation. If we are unable to comply with the applicable laws, regulations and standards in the future, we could incur substantial liabilities and fines, and our reputation may be damaged accordingly. This may in turn have an adverse effect on our business, financial condition, results of operations and prospects. In addition, the PRC government may impose stricter environmental, health and safety protection standards and regulations in the future, which may require replacement or upgrade of our current system or equipment. For example, the flue gas treatment process of our Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) were designed to comply with the requirements under

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GB13223-2003 Emission Standard of Air Pollutants for Thermal Power Plants (the “**GB13223-2003 Standard**”). The Ministry of Environmental Protection of the PRC replaced the GB13223-2003 Standard with a new version (GB13223-2011) released in July 2011 which became effective in January 2012. As a result, our Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) had to install an upgraded system to control flue gas emission. Installation of the upgraded system was completed and accepted by the relevant authority in November 2015. We cannot assure you that we will be able to comply with new legislation should the PRC government impose stricter environmental, health and safety protection standards and regulations in the future. Any increase in compliance or other operating costs resulting from the implementation of additional environmental, health and safety protection measures and/or failure to comply with new environmental, health and safety laws or regulations may have a material adverse effect on our business, financial condition, results of operations and prospects.

We had net cash outflow from operating activities for the year ended December 31, 2015

For the year ended December 31, 2015, we had net cash outflow from operating activities of HK\$29.9 million, which was primarily due to the negative effect on our cash flow arising out of movements in working capital mainly including (i) an increase of HK\$395.7 million in debtors, other receivables, deposits and prepayments due primarily to an increase in other receivables due to an increase in VAT recoverables, an increase in debtors due to an increase in trade receivables and an increase in prepayments to our construction contractors as a result of the increase in construction work, and (ii) an increase of HK\$203.9 million in gross amounts due from customers for contract work due primarily to increases in construction service revenue related to Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy). Due to the intensive capital needs for the construction of our projects, we may experience negative cash flows during our expansion and may not be able to generate sufficient cash flow from our operating activities, and any shortage of working capital may require additional financing and may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our projects are capital intensive, and we may fail to obtain sufficient funding

Our business and operations are capital intensive as we require a significant amount of capital to expand our operations, and the recovery of the capital investment in a project could take a long period of time. Our projects typically require significant initial cash outlays as we acquire land use rights, construct facilities and purchase property, plant and equipment. The project construction phase typically lasts approximately two to 18 months. As of the Latest Practicable Date, we had 14 pipeline projects under construction, including 12 biomass projects and two hazardous waste treatment projects, in which we had made or were committed to make significant investments. For details of the historical and planned capital expenditures, see “Financial Information — Capital Expenditures and Investment.” In addition, we are responsible for the cost of operations, repairs and maintenance during the life of these facilities or, with respect to the BOT projects, the respective concession periods. Expenses in connection with any major overhaul, renovations, remodeling or upgrade of our existing facilities or equipment could be substantial.

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Therefore, our success is heavily dependent on our ability to obtain sufficient external financing, which is subject to a number of uncertainties, including, among others regulatory approvals required to obtain financing in the domestic or international markets, our financial condition, results of operations, cash flows and credit history, restrictive covenants under our existing debt instruments, the conditions of the global and domestic credit and capital markets, and changes in PRC monetary policies with respect to bank lending practices and conditions. In addition, with respect to each project we undertake, we are required by PRC laws to contribute at least 20% of the total project investment amounts from our own funds. The registered capital of our project companies, which are Sino-foreign equity joint ventures, is required by the relevant law related to Sino-foreign equity joint ventures to be at least one third of the total investment amount of such joint ventures if the total investment amount exceeds US\$30 million. If we fail to generate sufficient cash from our operations, we may not have sufficient funds to finance the required portion to be contributed by us for our projects. In addition, if we incur substantial amounts of additional debt, our finance costs may increase substantially, which could have a material impact on our business, including increasing our vulnerability to general economic and industry conditions, requiring us to dedicate a substantial portion of cash flow to service our debts, limiting our flexibility in planning, and further increasing the costs of additional financing. If we fail to secure sufficient external financing or generate sufficient cash from our operations to finance our projects, or if our finance costs increase materially, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to successfully manage our growth

Our business has expanded from a total of eleven projects in operation, two projects under construction and seven projects at the planning stage as of January 1, 2014 to 24 projects in operation, 14 projects under construction and 30 projects at the planning stage as of the Latest Practicable Date. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To effectively manage our expanded operations, we need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff, on a significant scale, to satisfy our development requirements. In order to fund our ongoing operations and our future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Furthermore, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. This will pose significant challenges to our management, administrative, financial and operational resources, and we may encounter difficulties in any of the above-mentioned efforts. If we fail to expand our business, maintain our competitive position, satisfy our contractual obligations, or sustain growth and profitability, our business, financial condition, results of operation and prospects will be materially and adversely affected.

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Due to our rapid expansion, our historical results of operation may not be indicative of our future performance

Our business has expanded from a total of eleven projects in operation, two projects under construction and seven projects at the planning stage as of January 1, 2014 to 24 projects in operation, 14 projects under construction and 30 projects at the planning stage as of the Latest Practicable Date. Due to our significant and rapid growth, some of our projects only recently commenced commercial operation and have limited operation history, and we have a large portfolio of pipeline projects compared with our projects in operation. Therefore, our historical financial results may be of limited value in assessing our performance, and period-to-period comparisons of our operating results and our results of operations for any period should not be relied upon as an indication of our performance for any future period. Our results of operations, financial condition and future success depend, to a significant extent, on our ability to continue to identify suitable new projects, obtain required regulatory approvals, arrange financing from various sources, complete the projects currently under construction or at the planning stage in a cost-effective and timely manner, and effectively manage and operate projects in operation, as well as other risk factors mentioned in this Prospectus. There can be no assurance that we will be able to increase or maintain our historical revenue or profit levels.

We depend on our key personnel and skilled labor

Our future success is heavily dependent upon the continued service of our key executive officers and other key employees. Our key executive officers have an average of ten years of experience in the environmental protection industry. We also rely on a number of key technology officers and staff for the operation and maintenance of our facilities to maintain our competitiveness. If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel, our business could be severely disrupted, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, our ability to develop and implement new technologies, respond to changes in industry trends and offer high-quality services depends on our ability to hire and retain qualified employees in the long term. We are in competition with other companies in similar industries when recruiting adequately skilled employees. Due to the specialized nature of our work, there is a limited supply of such employees. If we are unable to attract and retain a sufficient number of suitably skilled and qualified employees, our business, financial condition, results of operations and prospects would be materially and adversely affected.

We may not have adequate insurance to cover all hazards

Our main assets include, among others, power generation and interconnection infrastructure, incineration systems, boilers, furnaces, solar panels and wind turbines. Operating these assets involves risks and hazards that may adversely affect our operations, including equipment failure, natural disasters, environmental hazards and industrial accidents. These hazards can cause significant

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personal injury or death, severe damage to, and destruction of, property, plant and equipment, contamination of, or damage to, the environment and suspension of our business operations. For example, some of our solar panels at Changzhou Rooftop Solar Energy Project were destroyed in April 2015 by a severe storm, and required replacement. We may also face civil liabilities or fines in the ordinary course of business as a result of damages suffered by third parties, which may require us to make indemnification payments in accordance with applicable laws. In addition, the operation of our facilities may be interrupted upon the occurrence of many factors beyond our control, including:

- supply interruptions;
- the breakdown or failure of equipment or processes;
- difficulty or inability to find suitable replacement parts for equipment;
- unplanned outages or disruption in the transmission of electricity generated due to system failures;
- permit and other regulatory issues, license revocation and changes in legal requirements;
- extreme weather conditions;
- workplace accidents involving personal injuries or deaths;
- unforeseen engineering and environmental problems; or
- unanticipated cost overruns.

We cannot assure you that we maintain adequate insurance or will be able to adequately control the impact of these events. We have entered into insurance policies to cover certain risks associated with our business. However, our insurance policies may have limitations and qualifications, and we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise. For example, certain solar panels for our Changzhou Rooftop Solar Energy Project were damaged due to the storm in April 2015 and relevant insurance company indemnified us approximately RMB2.6 million under our property damage insurance which did not fully cover our damages. In addition, we cannot assure you that we will be able to renew these policies on similar, or otherwise acceptable, terms, if at all. If we were to incur a serious uninsured loss, or a loss that significantly exceeded the limits of our insurance policies, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Unauthorized use of our technology or any claims or litigation that we may initiate in the future to protect our intellectual property rights may have material adverse impact on our business

Our business relies substantially on a combination of patents and other proprietary rights. See “Business — Intellectual Property.” Our intellectual property has contributed significantly to the efficiency of our facilities, the quality of our operation and our ability to secure new projects and purchase orders. Such intellectual property is subject to risks of infringement. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology. We cannot guarantee that the steps we have taken will prevent unauthorized use or misappropriation of our technology. In addition, we rely on China Everbright Group to take actions to protect the

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“Everbright” brand. Monitoring unauthorized use of our intellectual property is difficult and expensive and we may not be able to immediately detect the unauthorized use of our intellectual property and take remedial steps to protect our rights. Additionally, 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 favor. Moreover, any significant infringement upon our technologies could weaken our competitive position, increase our operating costs and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may infringe on the intellectual property rights of others, and we may face claims that may be costly to resolve or limit our ability to use such technology in the future

As we expand our business, third parties may assert that our technologies or techniques violate their intellectual property rights. Successful intellectual property claims against us could result in significant financial liability or prevent us from operating our business or parts of our business. Despite our efforts to comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain additional licenses or cease significant portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of their merits, such claims could adversely affect our relationships with current or future customers, result in costly litigation, cause product shipment delays or stoppages, divert management’s attention and resources, subject us to significant liabilities, require us to enter into additional royalty or licensing agreements or require us to cease certain activities. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

Future acquisitions may be expensive or fail, and we may fail to successfully integrate any acquired businesses into our existing operations

We may expand in the future through acquisitions of facilities which complement our existing business operations. For example, in January 2014, we acquired Lianyungang Hazardous Waste Incineration Project (Phase I), a hazardous waste treatment plant in Lianyungang, from Suzukigumi Co., Ltd. We may in the future continue to evaluate and enter into discussions regarding similar investments and acquisitions. We cannot assure you that we will be able to continue identifying suitable acquisition targets in the future. The process of integrating an acquired company, business, asset or technology may create unexpected operating difficulties and expenditures. The implementation of our acquisition strategies is subject to a number of risks, including:

- significant costs of identifying and consummating acquisitions;
- the failure to integrate the acquired business and its personnel into our existing business;
- higher costs of integration than we may anticipate;
- liabilities for activities or conditions of the acquired businesses before the acquisition;

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- litigation or other claims in connection with the acquired businesses;
- any delay or failure in realizing the expected benefits of the acquired business or its services;
- difficulties in obtaining regulatory approvals;
- changes in market circumstances and demands; and
- diversion of our management's time and attention from other business concerns.

We have encountered some of such risks and difficulties with respect to our acquisition of Lianyungang Hazardous Waste Incineration Project (Phase I). After the acquisition, due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards in order to renew the hazardous waste business license and commence operation. Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally. Even if we are able to successfully acquire suitable businesses or make such investments, we cannot assure you that we will achieve our expected returns on such acquisitions or investments. If we fail to successfully acquire our targeted businesses or integrate any acquired businesses into our existing operations, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our efforts to expand into international markets may not be successful

Despite our focus on the PRC markets in foreseeable future, we may expand into markets outside the PRC to increase our revenues and enhance our reputation. In September 2011, our only offshore project, German Ground Solar Energy Project, started commercial operation. We have limited experience in international operation, and any future international expansion could face considerable business and regulatory risks in our expansion into international markets, including:

- market demand for our services;
- a lack of local presence and familiarity with the cultural, regulatory and business environment and practices;
- shortage of personnel with necessary language skills and technical capabilities;
- a lack of familiarity with international suppliers and sub-contractors;
- the burden or cost of complying with foreign laws and regulations, including unexpected changes in laws that may have an adverse effect on foreign businesses;
- inherent difficulties and delays in contract enforcement through the use of foreign legal systems;
- difficulties identifying suitable investment opportunities in a foreign jurisdiction;
- changes in political, regulatory or economic conditions;

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- political and social instability, wars and terrorism;
- volatility in currency exchange rates;
- potentially adverse tax consequences;
- foreign exchange control or regulatory restrictions that could prevent us from repatriating income earned in such countries;
- difficulties in obtaining necessary permits, approvals, licenses or authorizations for our business and operations; and
- longer payment cycles and problems in collecting accounts receivables.

We cannot assure you that our efforts to enter into any international markets will be successful. Any of the foregoing risks could result in failure to introduce our services in those markets, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

The appraised fair value of our construction services may be different from the actual realizable value and is subject to change.

The fair value of our construction services with respect to each project accounted for as service concession arrangement is determined by external independent third party valuers. See “Financial Information — Critical Accounting Policies, Estimates and Judgments — Construction Contracts.” Such appraisal is based on multiple assumptions, including but not limited to, no material changes to government policies, political, legal, fiscal, market or economic conditions, taxation law, and construction markets in the PRC, compliance with laws, continued involvement of and the ability to retain competent management, key personnel and technical staff, no encumbrances or restrictions materially affecting the value, etc. In addition, the appraised value of our projects accounted for as service concession arrangements is based on key metrics including mark-up or operating margin of comparable companies in the same industries. Although our independent third party valuers adopted valuation methodologies used in valuing similar types of projects, the assumptions adopted and the key metrics used as at the dates of appraisals may differ from the prevailing market condition at a later date. As a result, the appraised value of our projects may differ materially from the future payments we could realize from the relevant projects during the operational phase. For further details regarding valuation methodologies and a sensitivity analysis, see “Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements — Projects Accounted for as Service Concession Arrangements.” In the case that we do not receive sufficient cash payments during the operational phase if the relevant project does not materialize or if the actual cash receipts in the operational phase are smaller than expected, we may need to recognize impairment or write-offs in the subsequent period for the related intangible assets or gross amounts due from customers for contract work. See “Financial Information — Critical Accounting Policies, Estimates and Judgments — Impairment of Receivables,” “Financial Information — Critical Accounting Policies, Estimates and Judgments — Impairment of Other Assets,” and “Risk Factors — Risks Relating to Our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements.”

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We may be involved in disputes or legal and other proceedings arising out of our operations from time to time

We may be involved in disputes with various parties, including the local governments, suppliers, customers, brokers and contractors. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties or delay or disrupt the development and operations of our facilities. We may also be involved in disputes with parties who do not have direct business with us. For example, if our biomass brokers do not pay the farmers from whom they collect biomass raw materials, such farmers may make claims for payment against us despite the absence of direct contractual relationship between us and such individual farmers. In such cases, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

In particular, resolution of disputes with any governmental entities may be costly and difficult. Any disputes with governmental entities could potentially lead to termination of our investment or concession agreements with the governments for our projects if the disputes are not successfully resolved and it may take a substantially longer period of time to resolve such disputes than to resolve disputes with private counterparties. Our remedies for contractual breaches by governmental counterparties may be limited or unavailable because the contractual parties are public entities, making it difficult and time consuming to enforce any claims against them through legal proceedings. In some circumstances, governmental entities may require us to change our construction methods, operation or other performance terms, or direct us to redesign our projects or purchase specific equipment or undertake additional obligations, thereby subjecting us to additional costs. Resolution of any disagreement with such counterparties with respect to such changes may be costly and time-consuming. If the governmental entities change or terminate any contract with us, our revenues could be reduced, our business plans may be adversely affected and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our Controlling Shareholder may exert substantial influence over us and may not act in the best interests of our independent Shareholders

Immediately upon completion of the Capitalization Issue and the Global Offering, our Controlling Shareholder will own approximately 72.0% of our issued Shares (or approximately 69.1% if the Over-allotment Option is exercised in full). Subject to our Memorandum and Articles of Association and applicable laws and regulations, our Controlling Shareholder will, through its representatives on our Board or by voting at the general meetings of shareholders, be able to influence our major corporate policy decisions, including our senior management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment to our Memorandum and Articles of Association and

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other actions that require the approval of our Board of Directors and Shareholders. The interests of our Controlling Shareholder may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company. We cannot guarantee that our Controlling Shareholder will influence our Company to pursue actions that are in the best interests of the other shareholders.

We may not be successful as an independent company with public shareholders

Prior to completion of the Spin-off, we operated as business divisions of CEIL. We relied on, among other things, the financing and the business reputation of CEIL. Following completion of the Listing, we will operate as an independent company. No member of the Remaining CEIL Group will be under any obligation to provide any assistance to us. For further information on the relationship between the Remaining CEIL Group and us, see “Relationships with our Controlling Shareholder.” As a listed company with public shareholders, we will continue to implement and improve our financial and management control systems to operate independently. If we fail to continue to implement and improve these control measures in a timely manner, our business, financial condition, results of operations and prospects could be adversely affected.

The “Everbright” brand name may be harmed or damaged, which may materially and adversely affect our business, financial condition, results of operations and prospects

We market our services primarily under the “Everbright” brand name. As a member of China Everbright Group, we have benefited from the reputation, customer network and the established market leadership of China Everbright Group and CEIL. We do not own the “Everbright” brand name and obtained the right to use this brand name under the relevant licensing agreement. See “Business — Intellectual Property — Name and Trademark.” We and many other subsidiaries of China Everbright Group share the common brand name “Everbright.” We cannot assure you that there will not be any negative news or media coverage related to any of these subsidiaries which may harm or damage the “Everbright” brand name and its reputation. We may not be able to protect “Everbright” brand name as we are not in a position to control or influence the conduct of the other parties that share such brand names with us. We also rely on China Everbright Group to enforce our rights relating to the “Everbright” brand name against infringement. Any damage to the “Everbright” brand name and any failure to protect the “Everbright” brand name could harm our reputation and result in the loss of our competitive advantage and materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

We are a holding company and depend on distributions from our subsidiaries. Any inability to receive distribution and dividends from our subsidiaries may have a material adverse effect on our business, financial condition and results of operations

We are a holding company incorporated in the Cayman Islands, and we conduct businesses primarily through our subsidiaries in China. Therefore, the availability of funds to pay dividends to

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our Shareholders depends upon dividends received from these subsidiaries. If any of our subsidiaries incurs indebtedness or losses, such indebtedness or losses may impair its ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including the HKFRS, International Financial Reporting Standards and U.S. Generally Accepted Accounting Principles. The PRC laws and regulations also require foreign-invested enterprises to set aside a portion of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries have entered into or may enter into in the future also restrict or may restrict in the future the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. These restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

Risks Relating to China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth in China, which could materially and adversely affect our business

During the Track Record Period, substantially all of our operations are conducted in China and substantially all of our revenues are generated from China. Accordingly, our business, financial condition, results of operations and prospects are influenced by economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 30 years, the growth has been uneven across different regions and periods and among various economic sectors. The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

China has been one of the world's fastest growing economies as measured by GDP growth in the past 30 years and has become the world's second largest economy by gross GDP since 2010. However, such growth may not continue and any slow-down may have a negative effect on our business. Since the second half of 2008, the global economic slowdown, the weak U.S. economy and the sovereign debt crisis in Europe have collectively increased downward pressure on China's economic growth. China's real GDP growth rate has decreased from 10.6% in 2010 to 6.9% in 2015 and China's economy is still facing considerable downward pressure. Since mid-June 2015, the PRC stock market has experienced a sharp decline and volatility, which led to increased concerns regarding financial stability in China and elsewhere in the world. If the economic growth of China continued to slow down, our business, financial condition, results of operations and prospects will be materially and adversely affected.

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The PRC legal system embodies uncertainties which could limit the legal protections available to us and our shareholders

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, court decisions may be cited for reference in subsequent legal proceedings but have limited precedential value. Since 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing general economic and business matters. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us and our Shareholders. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to environmental protection, foreign investment and foreign exchange control, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. Furthermore, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

Changes in the PRC governmental standards, rules and regulations may have a significant impact on our business

Currently, our business and operations in the PRC entail the procurement of permits, licenses and certificates from the relevant government authorities and are subject to the inspection and testing by the relevant regulatory authorities. Thus, our business and operations in the PRC are subject to PRC government standards, rules and regulations. From time to time, changes in the standards, rules and regulations or the implementation thereof may require us to obtain additional approvals and licenses from the PRC authorities and enhance our existing measures to comply with evolving inspection and testing methodologies prescribed under the applicable standards for the conduct of our operations in the PRC. In such event, we may incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance as our business costs will increase. Furthermore, we cannot assure you that such approvals or licenses will be granted to us promptly or at all. In addition, we may be subject to evolving inspection and testing methodologies adopted by the relevant regulatory authorities which are different from the applicable standards. If we experience delay in or are unable to obtain any required approvals or licenses, or fail to comply with the applicable standards due to different inspection or testing methodologies adopted by different regulatory bodies or other reasons, our operations and business in the PRC, and hence our overall financial performance will be adversely affected.

Compliance with M&A Rules, security review and other related procedures could make it more difficult for us to pursue growth through acquisitions in China

In August 2006, six PRC regulatory authorities, including the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAIC, the CSRC, and the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “M&A Rules”), which became effective in September 2006 and were amended in June 2009. The M&A Rules establish procedures and requirements that could make some acquisitions of Chinese companies

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by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise. In addition, the Notice on Launching the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the State Council in February 2011 requires acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. Moreover, the Anti-Monopoly Law requires that clearance of anti-monopoly review with the MOFCOM be required in advance of any concentration of undertaking if certain thresholds are triggered. We may expand our business in part by acquiring additional projects and complementary businesses in China. Complying with the requirements of the M&A Rules, security review rules and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax

The PRC Enterprise Income Tax Law provides that an enterprise established outside China whose “*de facto* management body” is located in China is considered a “PRC resident enterprise” and will generally be subject to the uniform 25% enterprise income tax rate on its global income. Under the Implementation Rules of the PRC Enterprise Income Tax Law, “*de facto* management body” is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

In April 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of *De Facto* Management Bodies (“**Circular 82**”), which was later amended and supplemented by the SAT in January 2014. Circular 82 sets out the standards and procedures for determining whether the “*de facto* management body” of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management reside within the PRC. Further to Circular 82, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (For Trial Implementation) (“**Bulletin 45**”) to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore-incorporated resident enterprises.” Effective in September 2011, Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on

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post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general, regardless of whether they are controlled by Chinese enterprises or Chinese individuals. Our tax resident status is subject to the determination by the PRC tax authorities and there are uncertainties as to whether a company incorporated overseas with Chinese controlling shareholders should be treated as a PRC resident enterprise before a determination by the competent PRC tax authorities is made. If we were treated as a PRC resident enterprise, the 25% PRC income tax on our global taxable income could materially and adversely affect our financial condition and ability to satisfy any cash requirements we may have.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises ("**Circular 698**") issued by the SAT in December 2009 with retroactive effect from January 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax (including withholding tax) at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

In March 2011, the SAT released the SAT Public Notice (2011) No. 24 ("**Notice 24**"), to clarify several issues related to Circular 698, which became effective in April 2011. According to Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interests of an overseas holding company, and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

In February 2015, the SAT issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprise ("**Circular 7**"). This regulation repealed certain provisions in Circular 698 and stipulated certain rules clarifying Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident

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enterprise (“**PRC Taxable Assets**”). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the PRC tax authorities to have no reasonable commercial purpose, Circular 7 allows the PRC tax authorities to reclassify this indirect transfer of PRC Taxable Assets as a direct transfer and impose on the non-resident enterprise PRC enterprise income tax at the rate of 10% in respect of the taxable income. That said, Circular 7 contains certain tax exemptions including, for example, (i) when a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling share of a listed overseas holding company in the public market, (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax and (iii) where the transactions qualify as a legitimate corporate reorganization. It remains unclear whether any exemption under Circular 7 will be applicable to the transfer of our Shares outside of the HKSE or to any future acquisition or disposal by us outside China involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares outside of the HKSE by our Shareholders that are non-resident enterprise, or any future acquisition or disposal by us outside of China involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholder or us to additional PRC tax reporting obligation or tax liabilities.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares

Under the PRC Enterprise Income Tax Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources paid to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is generally subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC 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 realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempt under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under “— We may be classified as a ‘PRC resident enterprise’ for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax,” dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely

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affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not be able to obtain benefits under such tax treaties or arrangements.

PRC regulations of loans to and direct investment in PRC entities by offshore holding companies may delay or prevent us from transferring funds to our PRC operating subsidiaries

We may transfer funds to our PRC operating subsidiaries or finance their operations by means of shareholder loans or capital contributions, including transferring the net proceeds of the Global Offering to our PRC operating subsidiaries upon completion of the Global Offering. Any loans to our PRC operating subsidiaries, which are foreign-invested enterprises, cannot exceed statutory limits based on the difference between their registered capital and investment amount, and shall be registered with SAFE or its local counterparts. Furthermore, any equity contributions we make to our PRC operating subsidiaries shall be approved by the MOFCOM or its local counterparts. We may not be able to obtain these government registrations or approvals on a timely basis, or at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to our PRC operating subsidiaries may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary

In October 2005, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles ("Circular 75") to regulate the roundtrip investments by PRC residents. In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles ("Circular 37"), which abolishes Circular 75 and requires PRC residents to register with local branches of SAFE before they use lawful domestic or overseas assets or equity interests to make capital contributions to offshore special purpose companies directly established or indirectly controlled by PRC residents for the purpose of overseas investment or financing. Circular 37 further requires that PRC residents who have made capital contributions to offshore special purpose companies but have not completed the SAFE registration for overseas investments shall submit detailed explanations to local branches of SAFE for remedial registrations. The local branches of SAFE will examine the legitimacy and justifiability of the application, and will impose punishments if any prior violations of SAFE regulations are discovered. Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions imposed on the subsequent foreign exchange activities of the relevant domestic residents, including remitting back of dividends and profits. Domestic residents who invest special purpose vehicles with legitimate assets or equity interests inside and outside China prior to the implementation of Circular 37, but fail to conduct the foreign exchange registration of overseas investments shall submit explanatory statement and state the reasons to the bureau of foreign exchange administration. The bureau of foreign exchange

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administration may allow complementary registration under the principal of legality and legitimacy. In the event of any violation of foreign exchange regulations by domestic residents who apply for the foresaid complementary registration, administration penalty would be imposed in accordance with relevant laws. According to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (“**Circular 13**”) which was promulgated in February 2015 and became effective in June 2015, the above mentioned registration under Circular 37 will be handled directly by the bank that has obtained the financial institution identification code issued by the foreign exchange regulatory authorities and that has opened the capital account information system at the foreign exchange regulatory authority in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

We cannot assure you that our current shareholders and/or beneficial owners do not fall within the ambit of Circular 37 and Circular 13, and if they have made or will make necessary applications, filings and amendments as required under Circular 37, Circular 13 or other related SAFE regulations and rules in case they are PRC residents. We cannot assure you that they or we will not be punished due to any non-compliance with SAFE regulations. In addition, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurances that these PRC residents will make or obtain any applicable registrations or comply with other requirements under Circular 37, Circular 13 or other related rules. Failure of our current or future shareholders or beneficial owners who are PRC residents to comply with the SAFE regulations may subject us to fines or other legal sanctions, restrict our cross-border investment activities, limit our PRC subsidiaries’ ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

The PRC government’s control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares

Currently, Renminbi still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations which would affect exchange rates and our foreign exchange transactions. There can be no guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require prior approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Our foreign exchange transactions under the capital account, however, must be approved in advance by the SAFE. We cannot assure you that we will be able to obtain such approval in a timely manner, or at all.

There can be no assurance that the policies regarding foreign exchange transactions under the current account and the capital account will continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an effect on our

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foreign exchange transactions and the fulfillment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for foreign exchange transactions, our business, financial condition and results of operations may be adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. In July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. The PRC government has since then introduced various further changes to the exchange rate system, and the floating band was gradually widened to 2% in March 2014. In August 2015, the PBOC authorized market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous trading date, the supply and demand for foreign exchange, as well as changes in major international currency exchange rates. Shortly after the announcement, the central parity rate of the Renminbi against the U.S. dollar depreciated substantially. In November 2015, the International Monetary Fund approved to add Renminbi to its Special Drawing Rights basket, which will take effect in October 2016. This represented a major step in the internationalization of the Renminbi. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to liberalize the exchange rate system. With an increased floating range of the Renminbi value against foreign currencies, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term.

Certain of our assets are denominated in foreign currencies such as the U.S. dollar and Hong Kong dollar. In addition, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our foreign currency-denominated assets and our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. As we do not have a foreign currency hedging policy, we cannot assure you that we will be able to reduce our foreign currency risk exposure relating to our foreign currency-dominated assets. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in mainland China any judgments obtained from non-PRC courts

A majority of our senior management members reside in mainland China, and substantially all of our assets, and substantially all of the assets of those persons are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. In July 2006, the PRC and Hong Kong signed 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. However, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts may be recognized by the PRC courts, subject to the requirements and restrictions set forth in the arrangement.

Furthermore, an original action may be brought in China against us or our Directors or officers only if the actions are not required to be arbitrated in the first place by the PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth 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, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and profitability

The PRC Labor Contract Law and the Implementation Rules on PRC Labor Contract Law took effect in January 2008 and September 2008, respectively. The PRC Labor Contract Law was further amended in December 2012, which became effective in July 2013. These labor laws and rules impose stringent requirements on employers in relation to entering into fixed term employment contracts, hiring of temporary employees and dismissal of employees. According to the PRC Labor Contract Law, an employer is obligated to sign a non-fixed term labor contract with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts or the employee has already worked for the employer for 10 years consecutively. The employer also has to pay compensation to employees if the employer terminates a non-fixed term labor contract. Unless an employee refuses to extend an expired labor contract, compensation is also required when the labor contract expires and the employer does not extend the labor contract with the employee under the same terms or terms which are better than those in the original labor contract. A minimum wage

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requirement has also been imposed by the PRC Labor Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees and its implementation measures, which became effective in January 2008 and September 2008, respectively, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from five to 15 days, depending on the length of the employees' work time. Employees who waive their vacation time at the request of employers shall be compensated for three times their normal daily salaries for each vacation day being waived. Such laws and regulations may increase our labor costs. In addition, certain companies operating in the PRC have experienced labor unrest conditions in recent years. We cannot assure you that labor disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could significantly disrupt our operations and expansion plans, and thus materially and adversely affect our business, financial condition or results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases

Our business could be adversely affected by natural disasters, health epidemics or other outbreaks of contagious disease. In May 2008, China experienced an earthquake with a reported magnitude of 8.0 on the Richter scale in Sichuan Province, resulting in the death of tens of thousands of people. Another earthquake and aftershocks struck Sichuan Province in April 2013. There have been recent reports on the occurrences of avian flu caused by the H9N7 virus in various parts of China, including a few confirmed human cases. Since April 2009, there have been reports on the occurrences of H1N1 flu in Mexico, the United States, China and certain other countries and regions around the world. An outbreak of avian flu or H1N1 flu in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries including China. Additionally, any recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in 2003 that affected China, Hong Kong, Taiwan, Singapore, Vietnam and certain other countries and regions, would also have similar adverse effects. In 2014, the outbreak of Ebola fever in West Africa received considerable worldwide media attention. Experts warned at that time that China was at serious risk of Ebola because of the large numbers of travelers from Africa as well as poor hospital standards. These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in China could severely disrupt our business operations and adversely affect our financial condition and results of operations. We have not adopted any written preventive measures or contingency plans to combat any future natural disasters or outbreaks of avian flu, H1N1 flu, SARS or any other epidemic.

Risks Relating to the Global Offering

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile

Prior to the completion of the Global Offering, there has been no public market for our Shares. The Offer Price is the result of negotiations between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our

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Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the Global Offering; or that the market price of our Shares will not decline below the Offer Price.

The trading price of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC-based companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Investors' perception of our business and financial practices, including our accounting treatments, or those of our peers, may also cause the market price of our Shares to fluctuate. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in *pro forma* adjusted consolidated net tangible assets of HK\$2.11 per Share (assuming an Offer Price of HK\$5.54 per Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). Our existing Shareholders will receive an increase in the *pro forma* adjusted consolidated net tangible asset value per Share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

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The sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares

Future sales of a substantial number of our Shares by our existing shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholder are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholder to dispose of significant amounts of their Shares after the completion of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You may experience difficulties in enforcing your Shareholder rights because we are incorporated in the Cayman Islands; Cayman Islands law may be different from the law of Hong Kong and other jurisdictions and may not provide the same protections to minority shareholders

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by, among other things, our Memorandum of Association, our Articles of Association, the Cayman Companies Law and the common law applicable in the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the Cayman Companies Law, the common law applicable in the Cayman Islands and the Articles. The common law applicable in 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 authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may differ in some respects from those under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may be located.

As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major Shareholders than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions.

There can be no assurance if and when we will pay dividends in the future

Subject to the Cayman Companies Law and our Articles of Association, our Company may in a general meeting declare dividends, but no dividends shall exceed the amount recommended by our Board. Our Board may, subject to our Articles of Association, from time to time, pay to our

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Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. Our Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under HKFRS, our Articles of Association and the Cayman Companies Law and the common law applicable in the Cayman Islands, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, although we have paid dividends in the past, there can be no assurance whether, when and in what form we will pay dividends in the future. See the section headed “Financial Information — Dividend and Distributable Reserves” for more details of our dividend.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert report, contained in this Prospectus

Certain facts, forecasts and other statistics relating to China and other countries and regions and the clean energy market in China contained in this Prospectus have been derived from various government publications, market data providers and other independent third-party sources, including Frost & Sullivan, an industry expert, and generally are believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them make any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside China. In addition, any policies, plans, or PRC laws discussed in this Prospectus including but not limited to the 13th Five-Year Plan issued by the PRC government, may not be enforced or realized. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.