

A. INFORMATION ABOUT OUR COMPANY**(a) Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 21 January 2022. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 June 2022 and our Company's principal place of business in Hong Kong is at Room 1910, 19/F., C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong. Mr. Yeung Kwong Wai (楊光偉) of Room 1910, 19/F., C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant law of the Cayman Islands and its constitution which comprises a Memorandum of Association and the Articles of Association. A summary of the relevant aspects of the Companies Act and certain provisions of Articles of Association is set out in Appendix IV to this prospectus.

(b) Changes in share capital of our Company

As at the date of the incorporation of our Company, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. At the time of incorporation, the issued share capital of our Company was HK\$0.01 with one Share allotted and issued, which was held by the initial subscriber, an Independent Third Party. On 1 February 2022, the said Share was transferred to Lvsesenlin Technology for a nominal consideration of HK\$0.01.

On 23 May 2022, our Company allotted and issued 470,470 Shares to Lvsetianye Technology, 186,447 Shares to Lvsesenlin Technology, 126,666 Shares to Daziran Technology, 120,000 Shares to CPEP Holdings, 59,444 Shares to Shenzhen Technology, 13,889 Shares to Languang Technology and 13,083 Shares to Tianxingjian Technology, at par value and credited as fully-paid.

On 24 May 2022, our Company further allotted and issued 10,000 Shares at par and credited as fully-paid to EP Technology as consideration of our Company's acquisition of the entire issued share capital of Lvshui Technology from EP Technology.

On 9 March 2023, our Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares with a par value of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares.

Assuming that the Global Offering becomes unconditional and the issue of the Shares pursuant to the Global Offering and the Capitalisation Issue mentioned herein are made, but not taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$10,000,000 divided into 1,000,000,000 Shares fully paid or credited as fully paid.

Other than pursuant to any options which may be granted under the Share Option Scheme, the exercise of the Over-allotment Option or the exercise of the general mandate to issue Shares referred to in paragraph headed “A. Information about Our Company — (d) Resolutions of our Shareholders passed on 9 March 2023” below in this section, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this section and in the paragraph headed “B. Corporate Reorganisation” below in this section, there has been no alteration in the share capital of our Company since incorporation.

(c) Changes in share capital of our subsidiaries

Save as disclosed in the section headed “History, Reorganisation and Group Structure” of this prospectus, there are no changes in the registered capital of our Company’s subsidiaries during the two years preceding the date of this prospectus.

(d) Resolutions of our Shareholders passed on 9 March 2023

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings of our Company, which were passed on 9 March 2023, among others:

- (a) the Memorandum of Association is approved and adopted with immediate effect;
- (b) the Articles of Association is approved and conditionally adopted in substitution for and to the exclusion of the amended and restated articles of association of our Company with effect from the Listing Date;

- (c) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares with par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares with par value of HK\$0.01 each by the creation of 9,962,000,000 Shares with par value of HK\$0.01 each, which shall rank *pari passu* in all respects with the Shares in issue as at the date of the resolution;
- (d) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued (pursuant to the Capitalisation Issue, the Global Offering, the Over-allotment Option and the Share Option Scheme) as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the Overall Coordinator (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise:
- (i) conditional on the share premium account of our Company being credited as a result of the Global Offering, the sum of HK\$8,090,000 be capitalised and be applied in paying up in full at par 809,000,000 Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company immediately prior to the Global Offering and such Shares (or as they may direct) to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respect with the existing issued Shares;
- (ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;
- (iii) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the

exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to Directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering but before any exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within the next annual general meeting of our Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meetings of our Company varying or revoking the authority given to the Directors, whichever occurs first;

For the purpose of this paragraph, “Rights Issue” means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company);

- (v) a general unconditional mandate be and is hereby given to our Directors to exercise all powers of our Company to buyback on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering but before the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Article of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meeting of our Company varying or revoking the authority given to the Directors, whichever occurs first;
- (vi) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c)(iv) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought-back by our Company pursuant to paragraph (c)(v) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering but before the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme be and is approved; and

Each of the general mandates referred to in paragraphs (c)(iv), (c)(v) and (c)(vi) above will remain in effect until whichever is the earliest of:

- (1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or

- (3) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(e) Buyback of our Shares

This section includes information relating to the buyback of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buyback their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) Shareholders' approval

All proposed buybacks of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of all Shareholders passed on 9 March 2023, a general unconditional mandate (the “**Buyback Mandate**”) was given to our Directors to exercise all powers of our Company to buyback Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue or to be issued immediately following completion of the Global Offering (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), further details of which have been described above in the paragraph headed “A. Information about our Company — (d) Resolutions of our Shareholders passed on 9 March 2023” in this appendix.

(ii) Source of funds

Any buyback of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Companies Act. We are not permitted to buyback our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be bought-back

The Listing Rules provide that the Shares which are proposed to be bought-back by us must be fully-paid up.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to buyback Shares in the market. Such buybacks may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buybacks

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Buyback Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as it would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any buyback of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any buybacks pursuant to the Buyback Mandate.

We have not made any buybacks of our own securities in the past six months.

No core connected person (as defined in the Listing Rules) has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. CORPORATE REORGANISATION

In order to streamline the corporate structure and rationalise our corporate structure for the Listing, our Group underwent the Corporate Reorganisation. Please refer to the sub-section headed "History, Reorganisation and Group Structure — Reorganisation" in this prospectus for details.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) were entered into by our Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) an equity transfer agreement dated 16 August 2021 entered into among Jilin Innovative Investment, Jilin Kaishun, Ms. Zhang, Mr. Shan and Mr. Shan Bingqi (單柄淇) (son of Ms. Zhang and Mr. Shan, as a guarantor), pursuant to which, Ms. Zhang acquired 12.15% equity interest in Jilin Kaishun from Jilin Innovative Investment for a total consideration of RMB11,347,800;
- (b) an exit agreement to an capital increase agreement in relation to Jilin Kaishun dated 23 August 2021 entered into among Jilin Technology Fund, Ms. Zhang and Mr. Shan as original shareholders, and Jilin Kaishun as the target company, pursuant to which Jilin Technology Fund agreed to sell 13.60% equity interest in Jilin Kaishun to Ms. Zhang


and Mr. Shan for an aggregate consideration which was equal to the aggregate investment amount paid by Jilin Technology Fund plus an agreed amount of RMB3,137,500;

- (c) the Pre-IPO Equity Increase Agreement;
- (d) the Guangke Capital Increase Agreement;
- (e) a sale and purchase agreement dated 23 May 2022 entered into between EP Technology as the seller and our Company as the purchaser, pursuant to which EP Technology transferred the entire issued share capital of Lvshui Technology to our Company in consideration of our Company issuing 10,000 Shares to, credited as fully-paid, to EP Technology on 24 May 2022;
- (f) an equity transfer agreement dated 27 May 2022 among Mr. Shan as the seller and Jilin Kaishun as the purchaser, pursuant to which Jilin Kaishun acquired the entire equity interest of Yizheng Juxinyuan from Mr. Shan for a consideration of RMB3,240,100;
- (g) the Deed of Indemnity;
- (h) the Cornerstone Investment Agreement; and
- (i) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks:

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Expiry date
1.		Jilin Kaishun	PRC	16	48107883	13 March 2031
2.	晓顺	Jilin Kaishun	PRC	16	48091574	13 March 2031
3.	顺熙	Jilin Kaishun	PRC	16	48115463	13 March 2031

Domain Names

As at the Latest Practicable Date, we have registered the following domain name:

Registrant	Domain name	Date of registration	Expiration date
Jilin Kaishun	jl-ks.cn	29 March 2022	29 March 2024

Patents

As at the Latest Practicable Date, we have registered the following patents:

No.	Patent ^(Note)	Patent no.	Patentee	Place of registration	Patent type	Date of Application	Expiry Date
1.	A complete biodegradable and toughened polymeric organism and production method (一種完全生物降解增韌型聚乳酸樹脂及製備方法)	2008100510649	Jilin Kaishun	PRC	Invention	11 August 2008	10 August 2028
2.	A method for preparing porous polymer materials by selective biodegradation (選擇性生物降解製備多孔聚合物材料的方法)	2013101892656	Jilin Kaishun	PRC	Invention	21 May 2013	20 May 2033
3.	A quick cooling device for injection moulding of degradable materials (一種降解材料注塑生產用快冷裝置)	201920967051X	Jilin Kaishun	PRC	Utility Model	24 June 2019	23 June 2029
4.	A kind of plastic mould with drying and deodorisation function (一種具有烘乾去味功能的塑料模具)	202021156617X	Jilin Kaishun	PRC	Utility Model	19 June 2020	18 June 2030
5.	A heating device of plastic mould (一種塑料模具的加熱裝置)	201721295585X	Jilin Kaishun	PRC	Utility Model	10 October 2017	9 October 2027
6.	A demoulding mechanism of plastic mould (一種塑料模具的脫模機構)	2017213087017	Jilin Kaishun	PRC	Utility Model	12 October 2017	11 October 2027
7.	A kind of pressing device of plastic mould (一種塑料模具的壓料裝置)	2017212955883	Jilin Kaishun	PRC	Utility Model	10 October 2017	9 October 2027
8.	A fine machining clamp of lifter plastic mould (一種塑料模具斜頂孔精加工夾具)	2017213189650	Jilin Kaishun	PRC	Utility Model	13 October 2017	12 October 2027

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Patent ^(Note)	Patent no.	Patentee	Place of registration	Patent type	Date of Application	Expiry Date
9.	A crushing, cleaning and pre-treating device for plastic raw materials (一種塑料原料粉碎清洗預處理裝置).	2020211565355	Jilin Kaishun	PRC	Utility Model	19 June 2020	18 June 2030
10.	An automatic burr cutting device for plastics processing (一種塑料加工用自動化毛刺切割裝置) . .	2020211566165	Jilin Kaishun	PRC	Utility Model	19 June 2020	18 June 2030
11.	A multifunctional cooling device for plastic injection moulding (一種塑料注塑用多功能冷卻降溫裝置).	2020211566199	Jilin Kaishun	PRC	Utility Model	19 June 2020	18 June 2030
12.	An automatic punching device for plastic components (一種自動化塑料零件打孔裝置).	2020211566184	Jilin Kaishun	PRC	Utility Model	19 June 2020	18 June 2030
13.	A plastic mould with even heating function (一種具有均勻加熱功能的塑料模具).	2017212955864	Jilin Kaishun	PRC	Utility Model	10 October 2017	9 October 2027
14.	A kind of dust removing device for manufacturing of plastic products (一種塑料產品生產用除塵裝置).	202021329456X	Jilin Kaishun	PRC	Utility Model	8 July 2020	7 July 2030
15.	A dosing device for processing of biodegradable materials (一種生物降解材料加工用餵料裝置) . .	2020213297765	Jilin Kaishun	PRC	Utility Model	8 July 2020	7 July 2030
16.	An adjustable rewind mechanism for film blowing machine (一種用於吹膜機的可調式收卷機構) .	2018210154527	Jilin Kaishun	PRC	Utility Model	29 June 2018	28 June 2028
17.	A kind of air ring component for blown film machine (一種用於吹膜機的风環元件).	2018209550759	Jilin Kaishun	PRC	Utility Model	21 June 2018	20 June 2028

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Patent ^(Note)	Patent no.	Patentee	Place of registration	Patent type	Date of Application	Expiry Date
18.	A perforated-plate structure for extruder (一種用於擠出機的孔板結構)	2018209548551	Jilin Kaishun	PRC	Utility Model	21 June 2018	20 June 2028
19.	A high-efficiency cooling equipment for manufacturing of biodegradable materials (一種用於生物降解材料生產的高效冷卻設備)	2020213289519	Jilin Kaishun	PRC	Utility Model	8 July 2020	7 July 2030
20.	A stirring device for manufacturing of degradable materials (一種用於降解材料生產的攪拌裝置)	2020213289078	Jilin Kaishun	PRC	Utility Model	8 July 2020	7 July 2030
21.	An injection mould for processing of energy conservation and environmental protection degradable materials (一種節能環保型降解材料加工用注塑機)	2020213289909	Jilin Kaishun	PRC	Utility Model	8 July 2020	7 July 2030
22.	A degradable injection mould for easy adjustment (一種便於調節的降解型注塑模具).	2021216421379	Jilin Kaishun	PRC	Utility Model	19 July 2021	18 July 2031
23.	A high-precision blown film device for the preparation of fully biodegradable plastics (一種用於製備全生物降解塑料的高精度吹膜設備)	2021223388356	Jilin Kaishun	PRC	Utility Model	26 September 2021	25 September 2031
24.	A rotary head of blown film instrument for starch-based biodegradable plastics (一種適於澱粉生物降解塑料的吹膜機旋轉模頭)	2021223389310	Jilin Kaishun	PRC	Utility Model	26 September 2021	25 September 2031
25.	A wrap device for production of biodegradable plastic film (一種生物降解塑料膜生產用的收卷裝置)	2022211633830	Jilin Kaishun	PRC	Utility Model	16 May 2022	15 May 2032

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Patent ^(Note)	Patent no.	Patentee	Place of registration	Patent type	Date of Application	Expiry Date
26.	An easy-to-adjust bag making machine for processing degradable plastic films (一種便於調節的降解塑料膜加工用製袋機)	2022217899734	Jilin Kaishun	PRC	Utility Model	11 July 2022	10 July 2032
27.	A positioning and trimming device for biodegradable plastic film production (一種生物降解塑料膜生產用定位切邊裝置)	2022213121714	Jilin Kaishun	PRC	Utility Model	30 May 2022	29 May 2032
28.	A pretreatment device of waste cleaning and crushing for plastic production (一種塑料生產用廢料清洗粉碎預處理裝置)	2022212336051	Jilin Kaishun	PRC	Utility Model	23 May 2022	22 May 2032
29.	A rapid cooling device for biodegradable plastic production (一種生物降解塑料生產用的快速降溫裝置)	2022210929226	Jilin Kaishun	PRC	Utility Model	9 May 2022	8 May 2032
30.	A harmful gas filter device for plastic production and processing (一種塑料生產加工用的有害氣體過濾裝置)	2022209697618	Jilin Kaishun	PRC	Utility Model	25 April 2022	24 April 2032
31.	A plastic raw material processing device with adjustable feeding amount (一種可調節進料量的塑料原料加工處理裝置)	ZL2021224466850	Jilin Kaishun	PRC	Utility Model	11 October 2021	10 October 2031

Note: The English names of the patents mentioned above are translations of their Chinese names. If there is any inconsistency, the Chinese names shall prevail.

3. Further information about our PRC establishments***Jilin Maisheng***

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| (i) | Nature of company | : | Limited liability company (wholly-owned by a corporation in Taiwan, Hong Kong or Macao (台港澳法人獨資)) |
| (ii) | Incorporation date | : | 15 April 2022 |
| (iii) | Term of business operation | : | Long-term |
| (iv) | Registered capital | : | RMB1,000,000 |
| (v) | Paid-up capital | : | RMB1,000,000 |
| (vi) | Attributable interest of our Company | : | 100% |
| (vii) | Scope of business | : | technical consultation for resources recycling application services (other than projects requiring approvals in accordance with the relevant laws) |

Changchun Guangke

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| (i) | Nature of company | : | Limited liability company |
| (ii) | Incorporation date | : | 17 April 2022 |
| (iii) | Term of business operation | : | Long-term |
| (iv) | Registered capital | : | RMB1,010,101.01 |
| (v) | Paid-up capital | : | RMB1,010,101.01 |
| (vi) | Attributable interest of our Company | : | 99% |
| (vii) | Scope of business | : | technical consultation for resources recycling application services (other than projects requiring approvals in accordance with the relevant laws) |

Jilin Kaishun

- (i) Nature of company : Limited liability company (with Hong Kong, Macao or Taiwan investment, non-wholly owned)
(港澳台投資, 非獨資)
- (ii) Incorporation date : 7 March 2014
- (iii) Term of business operation : Long-term
- (iv) Registered capital : RMB77,623,941.71
- (v) Paid-up capital : RMB77,623,941.71
- (vi) Attributable interest of our Company : 99%
- (vii) Scope of business : manufacture and sales of biodegradable materials and rubber and plastic materials and products; regular products road transportation; export and import of products; business information consulting; online sales of biodegradable materials and products, excluding products which require special supervision measures for foreign investment (projects required to be approved under the laws must obtain prior approval from the relevant department)

Yizheng Juxinyuan

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|-------|--------------------------------------|---|--|
| (i) | Nature of company | : | Limited liability company (sole proprietorship of a legal person invested or controlled by a non-natural person) (非自然人投資或控股的法人獨資) |
| (ii) | Incorporation date | : | 28 February 2017 |
| (iii) | Term of business operation | : | Long-term |
| (iv) | Registered capital | : | RMB10,000,000 |
| (v) | Paid-up capital | : | RMB10,000,000 |
| (vi) | Attributable interest of our Company | : | 99% |
| (vii) | Scope of business | : | R&D of biodegradable materials, manufacture and sales of biodegradable materials and products; manufacture and sales of rubber and plastic materials and products; packaging products printing; manufacture and sales of plastic food packaging products (projects required to be approved under the laws must obtain prior approval from the relevant department) |

D. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Directors' service contracts and letters of appointment**

Each of our executive Directors has entered into a service contract with our Company for an initial fixed term of three years commencing from the date thereof, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than one month's notice in writing by served by either party on the other.

The current basic annual remuneration of our Directors are as follow:

Ms. Zhang	HK\$258,000
Mr. Shan	HK\$292,000
Mr. Li	HK\$258,000
Mr. Li Peng (李鵬)	HK\$206,000
Mr. Ng Tat Fung (吳達峰)	HK\$120,000
Dr. Sun Shulin (孫樹林)	HK\$120,000
Dr. Lai King Yin (賴景然)	HK\$120,000

Note: For our Directors who are receiving remuneration in the PRC through our subsidiaries in the PRC, such salaries have been converted into Hong Kong dollars and rounded to the nearest thousands.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' remuneration

For the three years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2022, the aggregate of the remuneration paid to our Directors by us were RMB351,000, RMB397,000, RMB708,000 and RMB548,000, respectively.

Save as disclosed above, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2019, 2020, and 2021 and nine months ended 30 September 2022, by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2023 will be approximately RMB1,053,750.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

E. DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) Interests and short positions of our Directors in our share capital and our associated corporations as at the Latest Practicable Date and following the Capitalisation Issue and the Global Offering

As at the Latest Practicable Date and immediately following completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the Over-allotment Option and options to be granted under the Share Option Scheme, the interests or short positions of our Directors and the chief executive of our Company in the shares, debentures, equity derivatives and underlying shares of our Company and our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

(i) Long positions in our Company

Name of Director	Nature of interest	Immediately after the Global Offering and the Capitalisation Issue ⁽¹⁾	
		Number of Shares	Approximate percentage of shareholding in our Company
Ms. Zhang ⁽²⁾⁽⁴⁾ . . .	Interest in a controlled corporation	381,080,000	38.1081%
Mr. Shan ⁽³⁾⁽⁴⁾	Interest in a controlled corporation	290,822,340	29.0822%
Mr. Li ⁽⁵⁾	Interest in a controlled corporation	11,250,090	1.1250%

Notes:

(1) Assuming the Over-allotment Option is not exercised.

- (2) Lvsetianye Technology will hold approximately 38.1081% of the issued share capital of our Company. Lvsetianye Technology is wholly owned by Ms. Zhang. Ms. Zhang is therefore deemed to be interested in the Shares that Lvsetianye Technology is interested in.
- (3) Lvsesenlin Technology, Daziran Technology and CPEP Holdings will hold approximately 9.1023%, 10.2599% and 9.7200% of the issued share capital of our Company, respectively. Each of Daziran Technology and CPEP Holdings is wholly owned by Lvsesenlin Technology, which is in turn wholly owned by Mr. Shan. Mr. Shan is therefore deemed to be interested in the Shares that each of Lvsesenlin Technology, Daziran Technology and CPEP Holdings is interested in.
- (4) Ms. Zhang and Mr. Shan are wife and husband. They are therefore deemed to be interested in the Shares that the other is interested in under the SFO.
- (5) Languang Technology will hold approximately 1.1250% of the issued share capital of our Company. Languang Technology is wholly owned by Mr. Li. Mr. Li is therefore deemed to be interested in the Shares that Languang Technology is interested in.
- (ii) *Long positions in associated corporation*

Changchun Guangke

Name of Director	Capacity/Nature of interest	Approximate percentage of shareholding in Changchun Guangke
Ms. Zhang	Beneficial owner	0.4752%
Mr. Shan	Beneficial owner	0.4375%
Mr. Li	Beneficial owner	0.0140%

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date and immediately following completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, or any Shares which may be issued or bought-back by the Company pursuant to the general mandate, so far as our Directors are aware, in addition to the interests disclosed under paragraphs headed “(a). Interests and short positions of our Directors in our share capital and our associated corporations as at the Latest Practicable Date and following the Capitalisation Issue and the Global Offering” above, the following persons (not being a Director or chief executive of our Company) are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions

2 and 3 of Part XV of the SFO, or interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group:

Interests positions in our Company

Name of Shareholder	Capacity/Nature of interest	Immediately after the Global Offering and the Capitalisation Issue ⁽¹⁾	
		Number of Shares held/interested	Approximate percentage of shareholding in our Company
Lvsetianye Technology ⁽²⁾ . . .	Beneficial owner	381,080,700	38.1081%
Lvsesenlin Technology ⁽³⁾ . . .	Beneficial owner	91,022,880	9.1023%
	Interest in a controlled corporation	199,799,460	19.9799%
Daziran Technology ⁽³⁾	Beneficial owner	102,599,460	10.2599%
CPEP Holdings ⁽³⁾	Beneficial owner	97,200,000	9.7200%
ZhongBaoNew materials ⁽⁴⁾ . .	Beneficial owner	82,872,000	8.2872%
Beijing Anji Fenghan LLP ⁽⁴⁾ .	Interest in a controlled corporation	82,872,000	8.2872%
Zhuhai Jianchao ⁽⁴⁾	Interest in a controlled corporation	82,872,000	8.2872%
Anji Fenghan ⁽⁴⁾	Interest in a controlled corporation	82,872,000	8.2872%
Guocheng Zhejiang ⁽⁴⁾	Interest in a controlled corporation	82,872,000	8.2872%
Hainan Fengshi ⁽⁴⁾	Interest in a controlled corporation	82,872,000	8.2872%
Zhejiang Anji EDZ ⁽⁴⁾	Interest in a controlled corporation	82,872,000	8.2872%

Notes:

- (1) Assuming the Over-allotment Option is not exercised.
- (2) Lvsetianye Technology is wholly owned by Ms. Zhang. Ms. Zhang is therefore deemed to be interested in the Shares that Lvsetianye Technology is interested in.
- (3) Each of Daziran Technology and CPEP Holdings is wholly owned by Lvsesenlin Technology. Lvsesenlin Technology is therefore deemed to be interested in the Shares held by each of Daziran Technology and CPEP Holdings of 10.2599% and 9.7200%, respectively.

- (4) ZhongBaoNew materials, a company incorporated in the BVI for the purpose of the cornerstone investment, is wholly-owned by Beijing Anji Fenghan Management Consulting Partnership (limited partnership) (北京安吉豐瀚管理諮詢合夥企業(有限合夥)) (“**Beijing Anji Fenghan LLP**”). Beijing Anji Fenghan LLP is a private investment fund and its general partner is Zhuhai Jianchao Investment Management Center (Limited Partnership) (珠海健巢投資管理中心(有限合夥)) (“**Zhuhai Jianchao**”), holding approximately 0.01% of equity interest in Beijing Anji Fenghan LLP as at the Latest Practicable Date. The remaining 99.99% of Beijing Anji Fenghan LLP is held by Anji Fenghan Private Equity Investment Fund Partnership (Limited Partnership) (安吉豐瀚私募股權投資基金合夥企業(有限合夥)) (“**Anji Fenghan**”) as a limited partner as at the Latest Practicable Date. The limited partner of Anji Fenghan is Guocheng (Zhejiang) Industrial Development Co., Ltd. (國成(浙江)實業發展有限公司) (“**Guocheng Zhejiang**”), which is interested in 99.00% of Anji Fenghan, and the general partners of Anji Fenghan are Hainan Fengshi Private Equity Fund Management Co., Ltd. (海南豐世私募基金管理有限公司) (“**Hainan Fengshi**”) and Zhuhai Jianchao, holding 0.90% and 0.10% in Anji Fenghan, respectively, as at the Latest Practicable Date. Guocheng Zhejiang in turn is wholly owned by Management Committee of Zhejiang Anji Economic Development Zone (浙江安吉經濟開發區管理委員會) (“**Zhejiang Anji EDZ**”), as at the Latest Practicable Date. As such, all of Beijing Anji Fenghan LLP, Zhuhai Jianchao, Anji Fenghan, Guocheng Zhejiang, Hainan Fengshi and Zhejiang Anji EDZ are all deemed to be interested in 82,872,000 Shares (assuming the Offer Price of HK\$1.20, being the mid-point of the indicative Offer Price range set out in this prospectus) held by ZhongBaoNew materials under the SFO.

2. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or the Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group;
- (b) none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once our Shares are listed;

- (c) none of our Directors nor any of the parties listed in the section headed “G. Other Information — 10. Consents of experts” in this appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of our Directors nor any of the parties listed in the section headed “G. Other Information — 10. Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “G. Other Information — 10. Consents of experts” in this appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- (f) none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a resolution of all Shareholders passed on 9 March 2023, and adopted by a resolution of our Board on 9 March 2023 (“**Adoption Date**”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the

performance, growth or success of our Group, and additionally in the case of any manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

In accordance with the terms of the Share Option Scheme, our Board may, at its absolute discretion, offer the grant of options (“**Options**”) to subscribe for such number of Shares to:

- (a) any full-time employee of any member of our Group (“**Employee**”); and
- (b) any director of any member of our Group who does not perform an executive function (the person referred to in paragraphs (a) and (b) above are the “**Eligible Persons**”).

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 100,000,000 Shares) excluding Shares which may fall to be issued upon the exercise of the Over-allotment granted by our Company (the “**Scheme Mandate Limit**”) provided that:

- (a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit once every three years from the date of the Shareholders’ approval for the last refreshment (or the Adoption Date) provided that (i) the Controlling Shareholders and their associates (or if there is no Controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of our Company and their respective associates) must abstain from voting in favour of the relevant resolutions at the general meeting; and (ii) our Company must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42, and save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall

not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules; and

- (b) our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company should issue a circular to our Shareholders containing the details and information required under the Listing Rules.

4. Maximum entitlement of each participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period shall not exceed 1% of our Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted in the 12-month period) to such Eligible Person, the purpose of granting options to the Eligible Person and an explanation as to how the terms of the options serve such purpose, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of the meeting or resolution of our Board proposing such grant shall be taken as the offer date for the purpose of calculating the exercise price of those Options.

5. Offer and grant of Options

Subject to the terms of the Share Option Scheme, our Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as our Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as our Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

6. Granting Options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) of our Company or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options granted (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Options must be approved by our Shareholders (voting by way of a poll). Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a participant who is a director, chief executive or substantial shareholder of our Company, or any of their respective associates if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme). The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

7. Restriction on the time of grant of Options

Our Board shall not grant any Option to any Eligible Person under the Share Option Scheme:

- a) after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules; or
- b) during the period commencing one month immediately preceding the earlier of:
 - i. the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - ii. the deadline for our Company to publish an announcement of its results for any full year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements.

8. Minimum vesting period and performance target and clawback mechanism

All Options granted under the Share Option Scheme will be subject to a vesting period of no less than 12 months from the date of grant except for the specific circumstances set out in the Share Option Scheme.

Subject to the provisions of the Listing Rules, our Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as our Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the Eligible Person, the satisfactory performance or maintenance by the Eligible Person of certain conditions or obligations or the time or period when the right to exercise the Option in respect of all or some of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as our Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no performance target which need to be achieved by the grantee before the Option can be exercised.

Upon the occurrence of any of the following in relation to a grantee, our Company shall propose that no further Options shall be granted to such grantee and shall claw back the Options granted to such grantee and such Options shall lapse automatically:

- (i) the grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (ii) the grantee has contravened the relevant laws and regulations of the applicable jurisdictions and/or the provisions of the Memorandum and Articles;
- (iii) the grantee has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of our Company; or
- (iv) the grantee has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in serious loss in assets to our Company and other serious and adverse consequence.

9. Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.0 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the “**Acceptance Date**”). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

10. Subscription price

The subscription price in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the offer date, which must be a business day; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the five business Days (as defined in the Listing Rules) immediately preceding the offer date.

11. Exercise of Option

- (a) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot for dealing in the Shares on the Stock Exchange, as the case may be, or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription

price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or his or her legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his or her legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.

- (b) The exercise of any Option may be subject to a vesting schedule to be determined by our Board in its absolute discretion, which shall be specified in the offer letter.
- (c) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company.
- (d) Subject as hereinafter provided and subject to the terms and conditions upon which the Option is granted, an Option may be exercised by the grantee at any time during the Option period, provided that, among others:
 - (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full) and none of the events for termination of employment or engagement stated in the relevant terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement immediately prior to the death or permanent disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as our Board may determine;
 - (ii) in the event that the grantee ceases to be a full-time employee of any member of our Group for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her employment to a member of our Group or the termination of his or her employment with the relevant member of our Group by resignation or culpable termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
 - (iii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the

extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;

- (iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:

- (1) the Option period;
- (2) the period of two months from the date of such notice; or
- (3) the date on which such compromise or arrangement is sanctioned by the court,

exercise in whole or in part his or her Option.

- (v) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her options at any time not later than two Business Days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully-paid.

12. Life of Share Option Scheme

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in

force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

13. Lapse of Share Option Scheme

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (a) the expiry of the Option period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of the Option;
- (c) subject to the terms of the period mentioned in the paragraph headed “F. Share Option Scheme — 11. Exercise of Option” in this appendix, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgement, order or award outstanding against the grantee or our Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;
- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in (d) above or in other relevant paragraphs of the terms of the Share Option Scheme.

No compensation shall be payable upon the lapse of any Option, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

14. Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, open offer, rights issue, consolidation, distribution, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the aggregate number of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option; and/or
- (d) the number of shares in respect of which additional options may be granted.

Where our Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors appointed by our Company shall certify in writing to our Board that any such adjustments are in their opinion fair and reasonable, provided that:

- (a) any such adjustments shall give the Eligible Persons the same proportion of equity capital (rounded to the nearest whole Share) as they were previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, our auditors shall confirm to our Board in writing that the adjustments satisfy this requirement;
- (b) any such adjustments shall be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as practicable same as (but shall not be greater than) it was before such event;
- (c) no such adjustments shall be made if as a result, a participant receives a benefit that a Shareholder does not receive;
- (d) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (e) any such adjustments shall be made to in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time.

The following (whether singly or in combination) shall not be regarded as events requiring adjustments unless our Board considers an adjustment to be appropriate pursuant to the terms of the Share Option Scheme:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the issue of Shares upon the exercise of any options or conversion of any convertible securities issued by our Company; or
- (c) the cancellation of issued Shares purchased by our Company by way of a market purchase of such Shares undertaken by our Company on the Stock Exchange during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force.

15. Cancellation of Options granted

Our Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of restriction on transferability of Option or any terms or conditions attached to the grant of the Option;
- (b) the grantee makes a written request to our Board for the Option to be cancelled; or
- (c) if the grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

Any Grantee whose Options are cancelled pursuant to the aforesaid may be issued new Options in accordance with the provision of the Share Option Scheme, provided that unissued Options are available under the Share Option Scheme within the Scheme Mandate Limit.

16. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association and the laws of Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully-paid Shares in issue commencing from (i) the date on which Shares are allotted to the grantee (or his or her legal personal representative(s)) pursuant to the Option granted and exercised (the “**Allotment Date**”), or (ii) if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members. Accordingly, it will entitle the holders to participate in all dividends or other distributions paid or made on or after (i) the Allotment Date, or (ii) if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date.

Share issued upon the exercise of an Option shall not carry rights until the registration of the grantee (or any other person) as the holder thereof.

17. Termination

The Share Option Scheme may be terminated at any time by our Board or, at the discretion of our Board, by resolution of our Company in general meeting, subject to all relevant approvals which may be required. Upon termination of the Share Option Scheme as aforesaid, no further

Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

18. Transferability

The Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such grantee.

19. Required Disclosure

Our Company shall, for so long as the Share Option Scheme continues in operation, make disclosures as required under the Listing Rules and all other applicable laws and requirements.

20. Alteration of Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of our Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting:

- (a) any change to the terms of Options granted to a grantee (except where the alterations take effect under the existing terms of the Share Option Scheme) if the initial grant of the Options was approved by the Shareholders;
- (b) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature or any alterations to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantee;
- (c) any change to the authority of our Board or any person or committee delegated by our Board pursuant to the Share Option Scheme to alter the terms of the Share Option Scheme; and
- (d) any alteration to the aforesaid alteration provisions,

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules.

21. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

- a) the approval of our Shareholders for the adoption of the Share Option Scheme;
- b) the approval of the Stock Exchange for the listing of and permission to deal in, a maximum of 100,000,000 Shares to be allotted and issued pursuant to the exercise of Options in accordance with the terms and conditions of the Share Option Scheme;
- c) the commencement of dealing in our Shares on the Stock Exchange; and
- d) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms thereof or otherwise.

If the permission referred to in paragraph b) above is not granted within two calendar months after the Adoption Date:

- i. the Share Option Scheme will forthwith terminate;
- ii. any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect;
- iii. no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any Option; and
- iv. the Board may further discuss and devise another share option scheme that is applicable to a private company for adoption by our Company.

Application has been made to the Stock Exchange for the listing of 100,000,000 Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

G. OTHER INFORMATION

1. Deed of Indemnity

Mr. Shan, Ms. Zhang, Lvsesenlin Technology, Daziran Technology, CPEP Holdings and Lvsetianye Technology (the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company for itself and as trustee for its subsidiaries, to provide indemnities in respect of, among other things:

- (a) certain estate duty, death duty, inheritance tax, succession duty or any similar tax or duty which might be payable by any companies in our Group by virtue of or under the provisions of the Estate Duty Ordinance (Chapter 111 of Laws of Hong Kong) (the “**Estate Duty Ordinance**”); and
- (b) any liability of any or all of the members of our Group to any form of taxation and duty whenever created or imposed, whether of Hong Kong, the PRC or of any other part of the world, and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, business tax on gross income, income tax, value added tax, interest tax, salaries tax, property tax, land appreciation tax, lease registration tax, estate duty, capital gains tax, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, import, customs and excise duties and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of local, municipal, provincial, national, state or federal level whether of Hong Kong, the PRC or of any other part of the world falling on any of the members of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any event on transaction on or before the Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The Deed of Indemnity does not cover any claim and the Indemnifiers shall be under no liability under this Deed of Indemnity in respect of the followings:

- (c) to the extent that provision or allowance has been made for such taxation in the combined financial statements of our Group as set out in Appendix I to this prospectus for the three years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022 (the “**Accounts**”) or in the audited accounts of the relevant members of the Group for the Track Record Period; or
- (d) for which any company of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 30 September 2022 up to and including the Listing Date or consisting of any company of our Group ceasing, or being deemed to cease, to be a company in our Group for the purposes of any matter of the taxation; or
- (e) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Listing Date or to the extent such claim arises or is increased by an increase in the rates of taxation after the Listing Date with retrospective effect; or

- (f) to the extent that any provision or reserve made for such taxation in the Accounts is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company then the liability of our Indemnifiers (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excess reserve.

Under the Deed of Indemnity, our indemnifiers have also undertaken to indemnify, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages, penalties, fines or other liabilities which any member of our Group may incur or suffer arising from the non-compliances as disclosed in the section headed “Business — Non-compliance” in this prospectus.

2. Litigation

As at the Latest Practicable Date, neither we nor any of our subsidiaries were/was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

3. Preliminary expenses

Our estimated preliminary expenses incurred or proposed to be incurred are approximately US\$7,125.27 and have been paid by us.

4. Promoter

There are no promoters of our Company.

5. Sole Sponsor

The Sole Sponsor made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein, the Shares to be issued pursuant to the Capitalisation Issue and any Shares failing to be issued pursuant to the exercise of Over-allotment Option, and the Shares that may be issued upon the exercise of options that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sole Sponsor confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. An aggregate amount of HK\$5,000,000 (excluding expenses) is payable by our Company as sponsor fees to the Sole Sponsor.

6. No material adverse change

Our Directors confirm that, except as disclosed in the “Accountants’ Report” in Appendix I to this prospectus, there has been no material adverse change in our Company’s financial or trading position or prospects since 30 September 2022 (being the date to which our latest audited combined financial statements were made up).

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

8. Miscellaneous

- 1) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus,
 - (a) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (c) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares, management shares or deferred shares;
 - (d) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
 - (e) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares in or debentures of our Company;
 - (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
 - (g) our Company has no outstanding convertible debt securities.

- 2) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Soochow Securities International Capital Limited	Licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO
Mazars CPA Limited	Certified public accountants <i>(Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)</i>
Ogier	Cayman Islands legal advisers
Hylands Law Firm	PRC Legal Advisers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

10. Consents of experts

Each of the experts named in paragraph 9 above has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Particulars of the Selling Shareholder

<u>Name</u>	<u>Address</u>	<u>Principal business activity(ies)</u>	<u>Description</u>
Lvsesenlin Technology	Ritter House, Wickhams Cay II, P.O. Box 3170, Road Town, Tortola VG1110, British Virgin Islands	Investment holding	Lvsesenlin Technology is a company incorporated in the BVI with limited liability on 1 February 2022, which is directly wholly owned by Mr. Shan, our chief executive officer, executive Director and one of our Controlling Shareholders

12. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).