
HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT OF OUR GROUP

Our history can be traced back to August 2000 when Guangzhou Shenghui was established in Guangzhou city, Guangdong province, the PRC by our founders, Mr. Li and Mr. Chen, with their own resources. For further details on the background of Mr. Li and Mr. Chen, please refer to the section headed “Directors and senior management” of this document. Since establishment of our Group, we have provided cleaning and maintenance services for various commercial properties and other service locations.

Over our 20 years of operations and development, our business operations have expanded from Guangzhou to across the PRC. Our wide range of cleaning and maintenance services include basic cleaning and maintenance service, garbage collection and transportation service, waste collection and transportation service, water tank cleaning service and ancillary services. We also offer specialised cleaning services such as stone cleaning and restoration and high-attitude cleaning with mobile elevated platforms. For details, please refer to the section headed “Business” of this document.

Key milestones of our Group

The following table sets forth the major milestones of our development:

<u>Year</u>	<u>Milestones</u>
2000	<ul style="list-style-type: none">• Guangzhou Shenghui was established in Guangzhou city, Guangdong province.
2002	<ul style="list-style-type: none">• We were first engaged for the cleaning and maintenance of the public area of a shopping mall in Guangzhou city.• We were first engaged for the cleaning and maintenance of a residential premise in Guangzhou city.• We were first appointed as the cleaning service provider of the external walls and external marble walls of governmental buildings operated as a command centre.
2003	<ul style="list-style-type: none">• We were first engaged for the cleaning and maintenance of office buildings in Guangzhou city.
2009	<ul style="list-style-type: none">• We obtained ISO9001 (質量管理體系認證證書) and ISO14001 (環境管理體系認證證書) certifications for the first time.
2010	<ul style="list-style-type: none">• We were appointed as the cleaning service provider for Guangzhou International Finance Center (廣州國際金融中心).

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Year	Milestones
	<ul style="list-style-type: none">We obtained a Guangzhou Sanitation Industry Operating Service Company Certificate – A Grade* (廣州環衛行業經營服務企業資質等級證書 – A級) from the Guangzhou Industry Association of Sanitation (廣州環衛行業協會) for the first time.
2013	<ul style="list-style-type: none">We obtained GB/T 28001 certification (職業健康安全管理体系認證證書) (now replaced by ISO45001 certification (職業健康安全管理体系認證證書)) for the first time.
2015	<ul style="list-style-type: none">We obtained a grade A honorary certificate for tax credit (納稅信用A級榮譽證書) for the preceding year from the Guangzhou State Municipal Tax Bureau Taxation Administration (國家稅務總局廣州市稅務局).
2016	<ul style="list-style-type: none">Guangxi Shenghui was established in Nanning city, Guangxi region.
2017	<ul style="list-style-type: none">We were appointed as the cleaning service provider for Guangzhou Baiyun International Airport (廣州白雲國際機場) and Guangzhou Taikoo Hui (廣州太古匯).Haikou Branch was established in Haikou city, Hainan province
2019	<ul style="list-style-type: none">We obtained a Stone & Floor Conserve Application Enterprise Qualification Certificate – AAAAA Grade* (石材地坪應用護理企業資質證書 – AAAAA級) issued by the Professional Stone Care Committee of the Guangdong Stone Materials Association* (currently known as the Stone Application Conservation Specialty Committee of the Guangdong Stone Materials Association*) (廣東省石材行業協會省石材應用護理專業委員會).We were recognised as an Advanced Cleaning Service Provider in Guangdong province* (廣東省清潔服務先進單位) by China Quality Credit Evaluation Committee, China Quality Brands Promotion Committee, Beijing Bid Evaluation Centre* (中國質量信用企業徵信評估組委會，中國質量品牌促進推廣組委會，北京中標信用評價中心).

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Year	Milestones
2020	<ul style="list-style-type: none">• We were appointed as the cleaning service provider for Chongqing Jiangbei International Airport (重慶江北國際機場).• Our brand “升輝清潔” ranked 6th in the Top 500 Property Services Enterprises – Cleaning Services* (2020物業服務企業500強 – 保潔服務) by China Property Management Institution and China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute* (中國物業管理協會, 上海易居房地產研究院).• Chongqing Branch was established in Chongqing municipality.
2021	<ul style="list-style-type: none">• We were recognised as a Contract Honouring and Credit Keeping Enterprise in Guangdong* (廣東省守合同重信用企業) (2011–2020).• We were recognized as an Advanced enterprise in anti-epidemic work* (抗疫工作先進企業) by Guangzhou Industry Association of Sanitation (廣州環衛行業協會).
2022	<ul style="list-style-type: none">• We obtained Enterprise Qualification of China Cleaning Industry (中國清潔清洗行業企業資質) issued by China Professional Commission of Cleaning Service Contractor (中國商業企業管理協會清潔服務商專業委員會).• We obtained Credit Evaluation Certificate – AAA Grade* (信用評價認證證書 – AAA級) issued by Zhongan Zhihuan Certification Center Co., Ltd (北京中安質環認證中心有限公司).
2023	<ul style="list-style-type: none">• Zhengzhou Branch was established in Zhengzhou municipality.• Shenghui Cleanness (Beijing) was established in Beijing city.

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Year	Milestones
2023	<ul style="list-style-type: none">We obtained Qualification Certificate for Secondary Water Supply Cleaning Service Enterprise – Grade 1* (二次供水清潔服務企業資質證書—一級) issued by China Evaluation Beacon (Beijing) Certificate Center, Enterprise service capability evaluation and Certification Center, National tendering and bidding qualification query platform* (華評信標(北京)認證中心、企業服務評價認證中心、全國招投標資質查詢平台).We obtained Qualification Certificate for Cleaning and Maintenance of Hard Materials (Stone and Floor) – National Grade 1* (硬材(石材、地坪)清洗養護資質證書—國家一級) issued by China Evaluation Beacon (Beijing) Certificate Center, Enterprise service capability evaluation and Certification Center, National tendering and bidding qualification query platform* (華評信標(北京)認證中心、企業服務評價認證中心、全國招投標資質查詢平台).

OUR CORPORATE HISTORY

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 4 January 2021, and became the holding company and [REDACTED] vehicle of our Group upon completion of our Reorganisation. For details of such transfers, please refer to the paragraph headed “Reorganisation” in this section below.

During the Track Record Period and up to the Latest Practicable Date, our business operations had been carried out by our operating subsidiaries in the PRC. Set out below are the major corporate development including major changes in equity interest in our operating subsidiaries in the PRC.

Guangzhou Shenghui

Guangzhou Shenghui is principally engaged in the provision of environmental cleaning and maintenance services. It was established in the PRC with limited liability and commenced its operations on 4 August 2000 with an initial registered capital of RMB500,000, fully paid up by cash, and had been owned as to 50% by each of Mr. Li and Mr. Chen since its establishment and up until the commencement of our Reorganisation.

Subsequent to a series of capital injection by Mr. Li and Mr. Chen in equal proportion between October 2005 and July 2016, the registered capital of Guangzhou Shenghui increased to RMB20.02 million.

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As part of our Reorganisation, the registered capital of Guangzhou Shenghui was reduced to RMB500,000 on 24 February 2021 and subsequently increased to RMB25.0 million on 2 March 2021. In connection with the capital reduction, Guangzhou Shenghui’s then shareholders received a total amount of approximately RMB12.3 million. As at the Latest Practicable Date, the remaining RMB24.5 million of the registered capital of Guangzhou Shenghui had not been paid up and will be fully paid up in accordance with its articles of association. Following our Reorganisation, Guangzhou Shenghui became wholly-owned by Guangzhou Xinhui and became an indirect wholly-owned subsidiary of our Company. For details of our Reorganisation, please refer to the paragraph headed “Reorganisation” in this section below.

Guangxi Shenghui

Guangxi Shenghui is principally engaged in the provision of environmental cleaning and maintenance services. It was established in the PRC with limited liability and commenced its operations on 7 June 2016 with an initial registered capital of RMB2.0 million, which remained unpaid as at the Latest Practicable Date, and will be fully paid up in accordance with its articles of association. Guangxi Shenghui has been wholly-owned by Guangzhou Shenghui since its establishment.

Following our Reorganisation, Guangxi Shenghui became an indirect wholly-owned subsidiary of our Company. For details of our Reorganisation, please refer to the paragraph headed “Reorganisation” in this section below.

Shenghui Cleanness (Beijing)

Shenghui Cleanness (Beijing) is principally engaged in the provision of environmental cleaning and maintenance services. It was established in the PRC with limited liability and commenced its operations on 20 July 2023 with an initial registered capital of RMB5.0 million, of which RMB100,000 had been fully paid up by cash as at the Latest Practicable Date, and the remaining unpaid registered capital will be fully paid up in accordance with its articles of association. Shenghui Cleanness (Beijing) has been wholly owned by Guangzhou Shenghui since its establishment.

Shenghui Cleanness (Beijing) became an indirect wholly-owned subsidiary of our Company. For details of our Reorganisation, please refer to the paragraph headed “Reorganisation” in this section below.

Guangzhou Xinhui

Guangzhou Xinhui is principally engaged in the provision of environmental cleaning and maintenance services. It was established in the PRC with limited liability and commenced its operations on 14 November 2002 with an initial registered capital of RMB500,000, fully paid up by cash, and was owned as to 50% by each of Mr. Li and Mr. Chen as at the date of its establishment.

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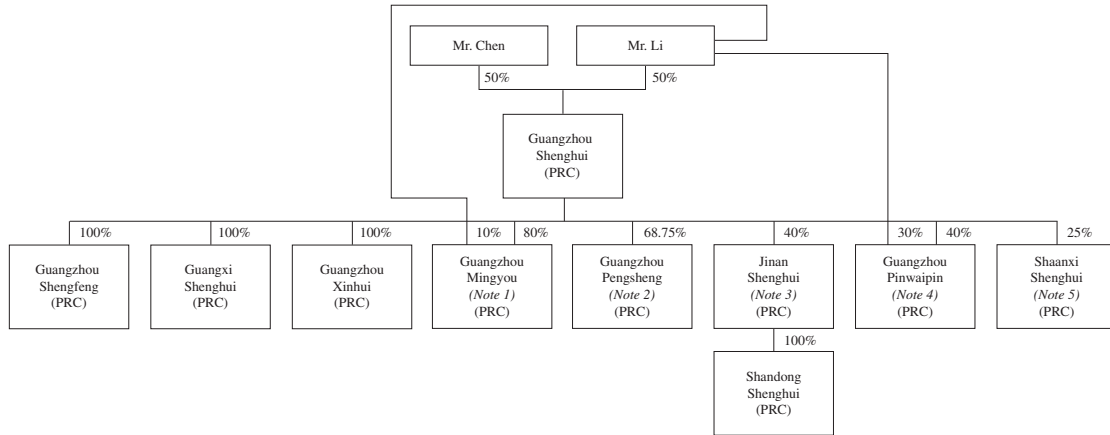
As part of an internal restructuring, on 10 August 2020, Mr. Li and Mr. Chen transferred their respective 50% equity interest in Guangzhou Xinhui to Guangzhou Shenghui at nil consideration. Upon completion of the above transfer, Guangzhou Xinhui was wholly-owned by Guangzhou Shenghui. On the same day, the registered capital of Guangzhou Xinhui increased to RMB8.0 million. As part of our Reorganisation, our [REDACTED] Investor and Guangzhou Shenghui entered into the Xinhui Capital Contribution Agreement, pursuant to which, our [REDACTED] Investor obtained 3% of the enlarged equity interest of Guangzhou Xinhui at a cash consideration of RMB247,423. Immediately thereafter, Guangzhou Xinhui was owned by Guangzhou Shenghui and our [REDACTED] Investor as to 97% and 3% respectively, and the registered capital of Guangzhou Xinhui increased to RMB8,247,423, of which RMB747,423 had been fully paid up by cash as at the Latest Practicable Date, with the remaining unpaid registered capital to be fully paid up in accordance with its articles of association.

Following our Reorganisation, Guangzhou Xinhui became wholly-owned by Shenghui Cleanness (HK) and became an indirect wholly-owned subsidiary of our Company. The acquisition of Guangzhou Xinhui was considered as a business combination under common control as our Group and Guangzhou Xinhui were both ultimately controlled by Mr. Li and Mr. Chen. The acquisition thereof was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 (Revised) “Merger Accounting for Common Control Combination” (“AG5”) issued by the HKICPA. Accordingly, the assets and liabilities of Guangzhou Xinhui were stated at predecessor value, and were included in the Group’s consolidated financial statements from the beginning of the earliest period presented as if the business and underlying assets and liabilities acquired had always been operated and held by the Group. Pursuant to the Controlling Shareholders’ Confirmation entered into between Mr. Li and Mr. Chen, they have reaffirmed that they have been a group of Controlling Shareholders since the establishment of the companies now comprising the Group. They are acting in concert with each other and manage the business, which is principally engaged in the provision of environmental cleaning and maintenance services in the PRC, collectively throughout the Track Record Period and will continue to act as such upon [REDACTED]. For further details of our Reorganisation and the [REDACTED] Investment, please refer to the paragraphs headed “Reorganisation” and “[REDACTED] Investment” in this section.

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REORGANISATION

In preparation for the [REDACTED], our Group has undergone our Reorganisation whereupon our Company became the holding company and the [REDACTED] vehicle of our Group and our operating subsidiaries were transferred to our Company. The following chart sets forth our shareholding structure immediately before our Reorganisation:



Notes:

1. The remaining 10% equity interest in Guangzhou Mingyou was owned by Ms. Kang Yiwen (康毅文) (an Independent Third Party).
2. The remaining 31.25% equity interest in Guangzhou Pengsheng was owned as to 15.625% by each of Ms. Li Yan (黎燕) and Mr. Ling Shunsheng (凌順生) (both being Independent Third Parties) respectively.
3. The remaining 60% equity interest in Jinan Shenghui was owned as to 30% by each of Ms. Zhao Yike (趙怡可) and Ms. Li Yinling (李銀玲) (both being Independent Third Parties) respectively.
4. The remaining 30% equity interest in Guangzhou Pinwaipin was owned by Ms. Luo Wanhong (駱婉紅) (an Independent Third Party).
5. The remaining 75% equity interest in Shaanxi Shenghui was owned as to 35%, 20% and 20% by Mr. Zhou Xiang (周祥), Mr. Zhang Jun (張軍) and Mr. Liang Guohui (梁國暉) (all being Independent Third Parties) respectively.

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The principal steps of our Reorganisation are as follows:

Step (1): Disposal of the Disposed Companies and deregistration of Guangzhou Shengfeng

To streamline our corporate structure, the following companies were disposed of or deregistered as part of our Reorganisation:

(i) Disposal of Jinan Shenghui

Jinan Shenghui, a limited company with registered capital of RMB5.0 million, was an associate principally engaged in the provision of cleaning service in Jinan and other cities of Shandong province of the PRC, which had customers that are property management companies prior to the disposal. Before disposal, the revenue of Jinan Shenghui was RMB5.3 million, RMB7.2 million and RMB8.4 million for the years ended 31 December 2018, 2019 and 2020. A net profit of RMB7,537, RMB1,673 and RMB1,099 was recorded for the years ended 31 December 2018, 2019 and 2020. In light of the insignificant return and operation and to have a streamlined group structure, on 13 September 2020, Guangzhou Shenghui entered into an equity transfer agreement with Mr. Zheng Yong (鄭勇), an Independent Third Party, to dispose of its entire equity interest in Jinan Shenghui to Mr. Zheng Yong (鄭勇) at the consideration of RMB880,000, which was determined with reference to the paid-up capital contributed by Guangzhou Shenghui in Jinan Shenghui at the time of such transfer. Such consideration was settled on 31 March 2021 and the legal procedure for the said transfer was completed on 18 September 2020. Upon completion of such transfer, our Group ceased to hold any equity interest in Jinan Shenghui.

Our Directors confirmed that there was no overlapping customers between Jinan Shenghui and our Group and there was no information in relation to the scale of operations, customer profile and financial performance of Jinan Shenghui subsequent to the disposal. Our Directors further confirmed that the disposal of Jinan Shenghui does not have any significant impact on the Group’s operations or financial performance.

(ii) Disposal of Guangzhou Mingyou

Guangzhou Mingyou, a limited liability company with registered capital of RMB10.0 million, was inactive and had not commenced any business since its establishment in 2020 and immediately prior to the disposal. Thus, Guangzhou Mingyou did not have any employee and customer prior to the disposal. In order to streamline our corporate structure, on 15 September 2020, Guangzhou Shenghui entered into an equity transfer agreement with Mr. Li (who was then a minority shareholder of Guangzhou Mingyou) to dispose of its entire equity interest in

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Guangzhou Mingyou to Mr. Li at the consideration of RMB1, as the registered capital of Guangzhou Mingyou was yet to be paid up at the time of such transfer. Such consideration was settled on 30 December 2020 and the legal procedure for the said transfer was completed on 29 September 2020. Upon completion of such transfer, our Group ceased to hold any equity interest in Guangzhou Mingyou.

Subsequent to disposal, the revenue of Guangzhou Mingyou was nil, nil, RMB0.4 million and RMB60,000 for the years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023. A net loss of RMB3,565, RMB0.2 million, RMB0.6 million and RMB0.1 million were recorded for the years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023.

In order to expand its business, Guangzhou Mingyou changed its name to Guangdong Mingyou Education and Technology Investment Limited*(廣東明佑教育科技投資有限公司) and its business scope changed from technology marketing and application services to business service on 14 September 2021.

Our Directors confirmed that there was no information on its scale of operation and customer profile subsequent to the Group's disposal.

(iii) Disposal of Guangzhou Pinwaipin

Guangzhou Pinwaipin, a limited liability company with registered capital of RMB2.0 million, was established with an aim to principally engage in the food import business immediately prior to the disposal. As Guangzhou Pinwaipin only had minimal business operation since its establishment, it did not have any employee and customer prior to the disposal. In 2020, Mr. Li intended to expand his business to food import industry. On 19 September 2020, Guangzhou Shenghui entered into an equity transfer agreement with Mr. Li to dispose of its entire equity interest in Guangzhou Pinwaipin to Mr. Li at the consideration of RMB500,000, which was determined with reference to the paid-up capital contributed by Guangzhou Shenghui in Guangzhou Pinwaipin at the time of such transfer. Such consideration was settled on 18 November 2020 and the legal procedure for the said transfer was completed on 23 September 2020. Before disposal, the revenue was nil and nil for the year ended 31 December 2019 and the nine months ended 30 September 2020. A net loss of RMB2,128 and RMB412 was recorded for the year ended 31 December 2019 and the nine months ended 30 September 2020. Upon completion of such transfer, our Group ceased to hold any equity interest in Guangzhou Pinwaipin. Mr. Li decided not to continue to engage in food import business in light of the COVID-19 control in the PRC. Guangzhou Pinwaipin was subsequently deregistered on 23 November 2020.

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Our Directors confirmed that the other ultimate beneficial owners, director and senior management of Guangzhou Pinwaipin (except Mr. Li) do not have any past or present relationships (business, employment, family, trust, financing or otherwise) with the Group, its directors, shareholders, senior management or any of their respective associates. Our Directors further confirmed that there was no information on the scale of operations, customer profile and financial performance of Guangzhou Pinwaipin subsequent to the Group’s disposal as Guangzhou Pinwaipin was deregistered shortly after such disposal.

(iv) Disposal of Shaanxi Shenghui

Shaanxi Shenghui was an associate of our Group principally engaged in the provision of cleaning service in Xi’an of Shaanxi province of the PRC which had customers that are property management companies prior to the disposal. Before disposal, the revenue of Shaanxi Shenghui was RMB1.8 million, RMB2.9 million and RMB1.1 million for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020. A net profit of RMB0.1 million and RMB0.3 million was recorded for the years ended 31 December 2018 and 2019 and a net loss of RMB8,969 was recorded for the six months ended 30 June 2020. In light of the insignificant return and operation and to have a streamlined group structure, on 20 September 2020, Guangzhou Shenghui entered into an equity transfer agreement with Mr. Liang Guohui (梁國暉), an Independent Third Party, to dispose of its entire equity interest in Shaanxi Shenghui to Mr. Liang Guohui (梁國暉) at the consideration of RMB125,000, which was determined with reference to the paid-up capital contributed by Guangzhou Shenghui in Shaanxi Shenghui at the time of such transfer. Such consideration was settled on 17 December 2020 and the legal procedure for the said transfer was completed on 29 September 2020. Upon completion of such transfer, our Group ceased to hold any equity interest in Shaanxi Shenghui.

Our Directors confirmed that there was no overlapping customers between Shaanxi Shenghui and our Group and there was no information in relation to the scale of operations, customer profile and financial performance of Shaanxi Shenghui subsequent to the disposal. Our Directors further confirmed that the disposal of Shaanxi Shenghui does not have any significant impact on the Group’s operations or financial performance.

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(v) Disposal of Guangzhou Pengsheng

Guangzhou Pengsheng, a limited liability company with registered capital of RMB20.0 million, was a subsidiary of our Group principally engaged in the provision of sports facilities which had individual customers prior to the disposal. Before disposal, the revenue of Guangzhou Pengsheng was nil, RMB0.3 million and RMB30,000 for the years ended 31 December 2018, 2019 and 2020. A net loss of RMB0.2 million, RMB0.1 million and RMB30,000 was recorded for the years ended 31 December 2018, 2019 and 2020. In order to focus our resources for the development of our core business, on 29 September 2020, Guangzhou Shenghui entered into an equity transfer agreement with Mr. Chen Qingrong (陳青榮), an Independent Third Party, to dispose of its entire equity interest in Guangzhou Pengsheng to Mr. Chen Qingrong (陳青榮), at the consideration of RMB2.1 million, which was determined with reference to the paid-up capital contributed by Guangzhou Shenghui in Guangzhou Pengsheng at the time of such transfer and the rental receivables penalty waived according to the commercial settlement reached between our Group and Guangzhou Pengsheng. Such consideration was settled on 29 December 2020 and the legal procedure for the said transfer was completed on 27 October 2020. Upon completion of such transfer, our Group ceased to hold any equity interest in Guangzhou Pengsheng. Our Directors confirmed that there was no information in relation to the scale of operation, customer profile and financial performance subsequent to the disposal of Guangzhou Pengsheng.

(vi) Deregistration of Guangzhou Shengfeng

Guangzhou Shengfeng was inactive and had not commenced any business since its establishment. On 11 November 2020, Guangzhou Shengfeng was deregistered.

Confirmations from our Directors and/or our PRC Legal Advisers in respect of the disposal of the Disposed Companies and the deregistration of Guangzhou Shengfeng

Our Directors confirmed that upon disposal of the Disposed Companies, there was no transaction between the Disposed Companies and our Group.

As confirmed by our Directors and our PRC Legal Advisers after conducting relevant public searches and having obtained relevant compliance certificates issued by competent PRC government authorities, each of the Disposed Companies and Guangzhou Shengfeng had not been subject to any material administrative penalty with respect to the applicable PRC laws and regulations from 1 January 2020, being the commencement date of the Track Record Period, to the completion date of their respective disposal or deregistration.

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Our Directors and our PRC Legal Advisers further confirmed that none of the Disposed Companies and Guangzhou Shengfeng was subject to any material non-compliance with any applicable laws and regulations of the PRC, nor was any of them subject to any material claims, litigations or legal proceedings that could have a material adverse effect on our business operations from 1 January 2020, being the commencement date of the Track Record Period, to the completion date of their respective disposal or deregistration.

Step (2): Reduction of registered capital of Guangzhou Shenghui

On 18 December 2020, as part of our Reorganisation, all of the then shareholders of Guangzhou Shenghui resolved to reduce the registered capital of Guangzhou Shenghui. On 24 February 2021, the registered capital of Guangzhou Shenghui was reduced from RMB20.02 million to RMB500,000 by way of capital reduction. Immediately after the reduction of the registered capital, Guangzhou Shenghui remained to be owned as to 50% by each of Mr. Li and Mr. Chen.

Step (3): Incorporation of offshore corporate Shareholders

(i) Prosperity Cleanness

On 10 December 2020, Prosperity Cleanness was incorporated in the BVI with limited liability and was authorised to issue up to a maximum of 50,000 ordinary shares. On the same day, Mr. Li subscribed for, and Prosperity Cleanness allotted and issued to Mr. Li, one nil-paid share in Prosperity Cleanness, which was credited as fully paid on 9 February 2021.

(ii) Sunrise Cleanness

On 10 December 2020, Sunrise Cleanness was incorporated in the BVI with limited liability and was authorised to issue up to a maximum of 50,000 ordinary shares. On the same day, Mr. Chen subscribed for, and Sunrise Cleanness allotted and issued to Mr. Chen, one nil-paid share in Sunrise Cleanness, which was credited as fully paid on 9 February 2021.

Step (4): Incorporation of our Company

- (i) On 4 January 2021, our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. Upon our incorporation, one nil-paid initial Subscriber Share was allotted and issued which was on the same day transferred to Prosperity Cleanness and one nil-paid Share was allotted and issued to Sunrise Cleanness one nil-paid Share. Upon completion of the above transfer and allotment, our Company became owned as to 50% by each of Prosperity Cleanness and Sunrise Cleanness.

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- (ii) Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 9 February 2021 and has maintained a valid business registration certificate under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) since 25 January 2021.

Step (5): Incorporation of Shenghui Cleanness (BVI)

On 18 January 2021, Shenghui Cleanness (BVI) was incorporated in the BVI with limited liability. Shenghui Cleanness (BVI) was authorised to issue up to a maximum of 50,000 ordinary shares. On the same day, our Company subscribed for, and Shenghui Cleanness (BVI) allotted and issued to our Company, one fully-paid share in Shenghui Cleanness (BVI) at a consideration of US\$1. As a result, Shenghui Cleanness (BVI) became a wholly-owned subsidiary of our Company.

Step (6): Incorporation of Shenghui Cleanness (HK)

On 27 January 2021, Shenghui Cleanness (HK) was incorporated in Hong Kong with limited liability. On the same day, Shenghui Cleanness (BVI) subscribed for, and Shenghui Cleanness (HK) allotted and issued to Shenghui Cleanness (BVI), one fully-paid share in Shenghui Cleanness (HK) at a consideration of HK\$1. As a result, Shenghui Cleanness (HK) became a wholly-owned subsidiary of Shenghui Cleanness (BVI).

Step (7): Capital injection into Guangzhou Xinhui by our [REDACTED] Investor

- (i) Guangzhou Xinhui was established in the PRC with limited liability on 14 November 2002. Immediately prior to our Reorganisation, Guangzhou Xinhui had a registered capital of RMB8 million, which was wholly-owned by Guangzhou Shenghui.
- (ii) On 28 January 2021, our [REDACTED] Investor and Guangzhou Shenghui entered into the Xinhui Capital Contribution Agreement, pursuant to which our [REDACTED] Investor obtained 3% of the enlarged equity interest of Guangzhou Xinhui by way of capital contribution in cash of RMB247,423, the entire amount of which was credited to the registered capital of Guangzhou Xinhui. The said capital contribution by our [REDACTED] Investor was determined after arm's length negotiation between the parties with reference to the net asset value of Guangzhou Xinhui as at 31 December 2020 according to an independent valuation report, as well as the registered capital of Guangzhou Xinhui. The capital contribution was settled in cash on 22 February 2021 and the registered capital of Guangzhou Xinhui increased from RMB8.0 million to RMB8,247,423. Upon completion of the above capital contribution, Guangzhou Xinhui became a sino-foreign equity joint venture owned as to 97% and 3% by Guangzhou Shenghui and our [REDACTED] Investor respectively.

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- (iii) The capital increase and change of shareholders of Guangzhou Xinhui were registered with the Panyu Administration for Market Regulation on 2 February 2021; and a foreign investment information report on the same was subsequently filed with the Enterprise Registration System of the Guangzhou Administration for Market Regulation.

Step (8): Subscription of Shares by Prosperity Cleanness, Sunrise Cleanness and Dash Dazzling in our Company

On 9 February 2021, pursuant to the Subscription Agreement, in consideration of HK\$5, HK\$5 and RMB4,000,000 (equivalent to approximately HK\$4,800,000) paid by Prosperity Cleanness, Sunrise Cleanness and Dash Dazzling, respectively, our Company (i) allotted and issued 484 Shares, 484 Shares and 30 Shares to Prosperity Cleanness, Sunrise Cleanness and Dash Dazzling respectively; and (ii) credited as fully paid the Subscriber Share held by Prosperity Cleanness and the one nil-paid Share held by Sunrise Cleanness. The consideration of such allotment and issue of Shares to (a) Prosperity Cleanness and Sunrise Cleanness was determined with reference to the par value of our Shares; and (b) Dash Dazzling was determined after arm's length negotiation between the parties with reference to the unaudited consolidated net asset value of Guangzhou Shenghui, Guangzhou Xinhui and Guangxi Shenghui as at 31 December 2020 (taking into account the capital contribution made by our [REDACTED] Investor to Guangzhou Xinhui pursuant to the Xinhui Capital Contribution Agreement), and was fully settled in cash by the respective subscribers as at 10 February 2021.

Upon completion of the above allotments of Shares, our Company was owned as to 48.5% by Prosperity Cleanness, 48.5% by Sunrise Cleanness and 3% by Dash Dazzling.

Step (9): Acquisition of Guangzhou Xinhui by Shenghui Cleanness (HK)

- (i) On 9 February 2021, each of Guangzhou Shenghui and our [REDACTED] Investor entered into an equity transfer agreement with Shenghui Cleanness (HK), pursuant to which each of Guangzhou Shenghui and our [REDACTED] Investor transferred its/his entire equity interest in Guangzhou Xinhui to Shenghui Cleanness (HK) at a respective nominal consideration of RMB1 as the ultimate beneficial owners and their respective equity interest in Guangzhou Xinhui and Shenghui Cleanness (HK) are essentially the same. Upon completion of the aforesaid transfers, Guangzhou Xinhui became a wholly foreign-owned enterprise, which was wholly-owned by Shenghui Cleanness (HK).
- (ii) The change of shareholder of Guangzhou Xinhui was registered with the Panyu Administration for Market Regulation regarding the shareholding changes on 19 February 2021; and a foreign investment information report on the same was subsequently filed with the Enterprise Registration System of the Guangzhou Administration for Market Regulation.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Step (10): Increase in the registered capital of Guangzhou Shenghui

On 26 February 2021, all of the then shareholders of Guangzhou Shenghui resolved to increase the registered capital of Guangzhou Shenghui from RMB500,000 to RMB25 million. Such increase was conducted by way of capital contribution by Guangzhou Xinhui in the amount of RMB24.5 million on 2 March 2021. Upon completion of the said increase in registered capital, Guangzhou Shenghui was owned by Mr. Li, Mr. Chen and Guangzhou Xinhui as to 1%, 1% and 98%, respectively. As at the Latest Practicable Date, the remaining RMB24.5 million of the registered capital of Guangzhou Shenghui had not been paid up and will be fully paid up on or before 31 December 2026, in accordance with its articles of association. On 2 March 2021, Guangzhou Shenghui registered with the Panyu Administration for Market Regulation regarding its increase in registered capital and obtained the updated business licence reflecting such change.

Step (11): Acquisition of Guangzhou Shenghui by Guangzhou Xinhui

On 12 March 2021, each of Mr. Li, Mr. Chen and Guangzhou Xinhui entered into an equity transfer agreement, pursuant to which each of Mr. Li and Mr. Chen transferred his entire equity interest in Guangzhou Shenghui to Guangzhou Xinhui at a respective consideration of RMB1.23 million. Such consideration was determined with reference to the unaudited net asset value of Guangzhou Shenghui as at 28 February 2021 and will be settled in full in accordance with the equity transfer agreements and prior to the [REDACTED]. Registration of the aforesaid transfers of equity interests in Guangzhou Shenghui was completed on 12 March 2021. Upon completion of the aforesaid transfers, Guangzhou Shenghui became wholly-owned by Guangzhou Xinhui. On 12 March 2021, Guangzhou Shenghui obtained the updated business licence from the Panyu Administration for Market Regulation.

[REDACTED] INVESTMENT

Overview of the [REDACTED] Investment

Our [REDACTED] Investor’s investment in our Group was made in two tranches. First, by way of Mr. Tam’s capital injection to Guangzhou Xinhui (details of which are set out in step (7) under the paragraph headed “Reorganisation” in this section above). Second, by way of the subscription of Shares through Mr. Tam’s nominee, Dash Dazzling (details of which are set out in step (8) under the paragraph headed “Reorganisation” in this section above).

HISTORY, REORGANISATION AND GROUP STRUCTURE

Details of the [REDACTED] Investment Agreements

[REDACTED] Investor	Mr. Tam Yat Kin Ken (譚日健)
Name and date of the investment agreements	Xinhui Capital Contribution Agreement dated 28 January 2021; and Subscription Agreement dated 9 February 2021
Amount of the cash consideration paid ^(Note)	RMB4,247,423 (equivalent to HK\$5,099,877)
Basis of determination of the consideration	by arm's length negotiation between the parties with reference to, among others, the unaudited consolidated net asset value of Guangzhou Shenghui, Guangzhou Xinhui and Guangxi Shenghui as at 31 December 2020
Date of completion/payment date of the consideration	10 February 2021 and 22 February 2021
Approximate cost of investment per Share	HK\$0.14
Approximate discount to mid-point of the [REDACTED] range	[REDACTED]
[REDACTED] and whether the [REDACTED] have been fully utilised	substantially all of the [REDACTED] from the [REDACTED] Investment have been utilised for settlement of costs and expenses incurred in connection with the [REDACTED]
Percentage of the shareholding of our [REDACTED] Investor in our Company immediately after completion of the [REDACTED] Investment ^(Note)	3%
Shareholding of our [REDACTED] Investor in our Company immediately after the [REDACTED] (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) ^(Note)	[REDACTED]

Note: The cash consideration was paid by Mr. Tam's personal saving.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Strategic benefit to our Company widening of our Shareholder base; provision of general working capital and strategic advice in relation to our business development; as well as introduction of business opportunities

Special rights our [REDACTED] Investor is not entitled to any special rights under the [REDACTED] Investment

Note: Our [REDACTED] Investor's interests in our Shares are held through his nominee company Dash Dazzling.

Lock-up and public float

Shares held by Dash Dazzling will not be subject to lock-up. As Dash Dazzling is not a core connected person of our Company, Shares held by Dash Dazzling will be counted towards the public float after [REDACTED].

Background of our [REDACTED] Investor

Mr. Tam has over 10 years' experience in managing business development, developing corporate strategy and executing corporate transformations. Mr. Tam joined Fincentric Corporation in January 2001. Fincentric Corporation is a company based in Canada providing banking technology to global financial services industry and was acquired by Open Solutions Inc. in 2007. Mr. Tam was then promoted as a director of leadbuilder and customer value maximisation solutions of Fincentric Corporation in January 2006 until he left the company in May 2007. Mr. Tam also served as a managing director of Green Impact Solution Limited, an energy efficient solutions provider in Hong Kong, from May 2009 to March 2011, as well as a Chief Operating Officer of DT International Holdings Limited from April 2011 to June 2015. Mr. Tam is currently the managing director of KS Enterprises Hong Kong Limited, a company engaged in fine wine investment and management in Hong Kong, where Mr. Tam from time to time sources investments and projects for his property developer clients in the PRC. Mr. Tam has been responsible for the general management of this company since June 2015. He is also an independent non-executive director of Guan Chao Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1872). He is a full member of the Hong Kong Computer Society. Mr. Tam holds a Master of Business Administration degree from the University of Cambridge in the United Kingdom, a Bachelor of Applied Science degree from the University of British Columbia in Canada and completed the Stanford Executive Program offered by the Graduate School of Business of Stanford University in the United States.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Mr. Tam is also an experienced private investor and his investment experience includes investing in listed companies in Hong Kong and overseas as well as in precious metals and commodities. In relation to the equity investment, he generally does not restrict to investments in specific sectors and instead his investments involved listed companies in various sectors including the financial, industrial, energy and materials sectors.

Mr. Tam was introduced to our Group through Mr. Li. In around the first half of 2018, Mr. Li and Mr. Tam met through a social wine gathering in the PRC, during which they discussed the possible business opportunities between Mr. Tam's property developer clients in the PRC and our Group as regards the provision of cleaning services for their future property developments. In follow-on discussions with Mr. Tam in around late 2019, Mr. Li became aware that Mr. Tam had been appointed as an independent non-executive director of a company listed in Hong Kong and had also been investing in securities listed in Hong Kong with a modest-sized portfolio. Knowing that Mr. Tam has knowledge in the Hong Kong capital market, when Mr. Li contemplated a potential [REDACTED] in Hong Kong, he approached Mr. Tam for his thoughts on the Hong Kong securities market as he had experience in investing in securities, as well as his interest in investing in our Group. At that time, Mr. Tam did not provide a firm commitment to invest. With the backdrop of the COVID-19 pandemic and its worldwide implications starting in around early 2020, Mr. Tam considered the increased demand in the cleaning industry and the potential of our business in light of the COVID-19 pandemic and therefore gave serious consideration on such investments. As such, in around the third quarter of 2020 when Mr. Li discussed with Mr. Tam a possible [REDACTED] in Hong Kong, Mr. Tam indicated that he would be interested to invest a small percentage in our Group.

Although the cost per Share paid by our [REDACTED] Investor upon [REDACTED] represented a discount to the [REDACTED] (being HK\$[REDACTED] per Share, the mid-point of the [REDACTED] range) of approximately [REDACTED]%, our Directors consider that the basis of determination of the consideration was fair and reasonable taking into account the following principal factors: (i) the business synergy which Mr. Tam could bring to our Group by virtue of Mr. Tam's possible introduction of potential clients to our Group and other strategic benefits of the [REDACTED] Investment as mentioned above; (ii) the equity risk assumed by Mr. Tam in investing in an unlisted company given the [REDACTED] being conditional and may or may not go forward and thus Mr. Tam has essentially agreed to continue to invest long term in the private Group; and (iii) the economic uncertainty worldwide in light of the COVID-19 pandemic.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Despite Mr. Tam’s business experience not pertaining directly to the environmental cleaning and maintenance services industry, our Directors believe that our Group could take advantage from (i) his over 10 years investment experience and corporate management experience in managing business development, developing corporate strategy and executing corporate transformations in different industries; (ii) his experience in working in relatively senior positions in various types of companies in different industries; and (iii) the client base and personal connections in the property industry which he will have developed over such time and for such various businesses, Mr. Tam possesses adequate experience and networks and can provide us with strategic advice in relation to our business development as well as introduction of business opportunities to our Group which are two strategic benefits to our Company from the [REDACTED] Investment. To the best of the knowledge, information and belief of our Directors and having made all reasonable enquiries, Mr. Tam invested in our Group because he appreciates the prospects and potential growth of our Group in the cleaning industry, especially in light of the ongoing COVID-19 pandemic as well as his own analysis. As at the Latest Practicable Date, save for his investment in our Group, Mr. Tam was an Independent Third Party and he had introduced two clients (the “**New Clients**”), both are from the property management industry, to our Group subsequent to his investment in 2021. The total revenue generated from the two clients to our Group was approximately nil, RMB3.1 million, RMB4.3 million and RMB2.2 million for the years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023, respectively. The total profit contributed by the two clients to our Group was approximately nil, RMB0.5 million, RMB0.7 million and RMB0.2 million for the years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023, respectively. The New Clients are independent of Mr. Tam as well as our Group as at the Latest Practicable Date.

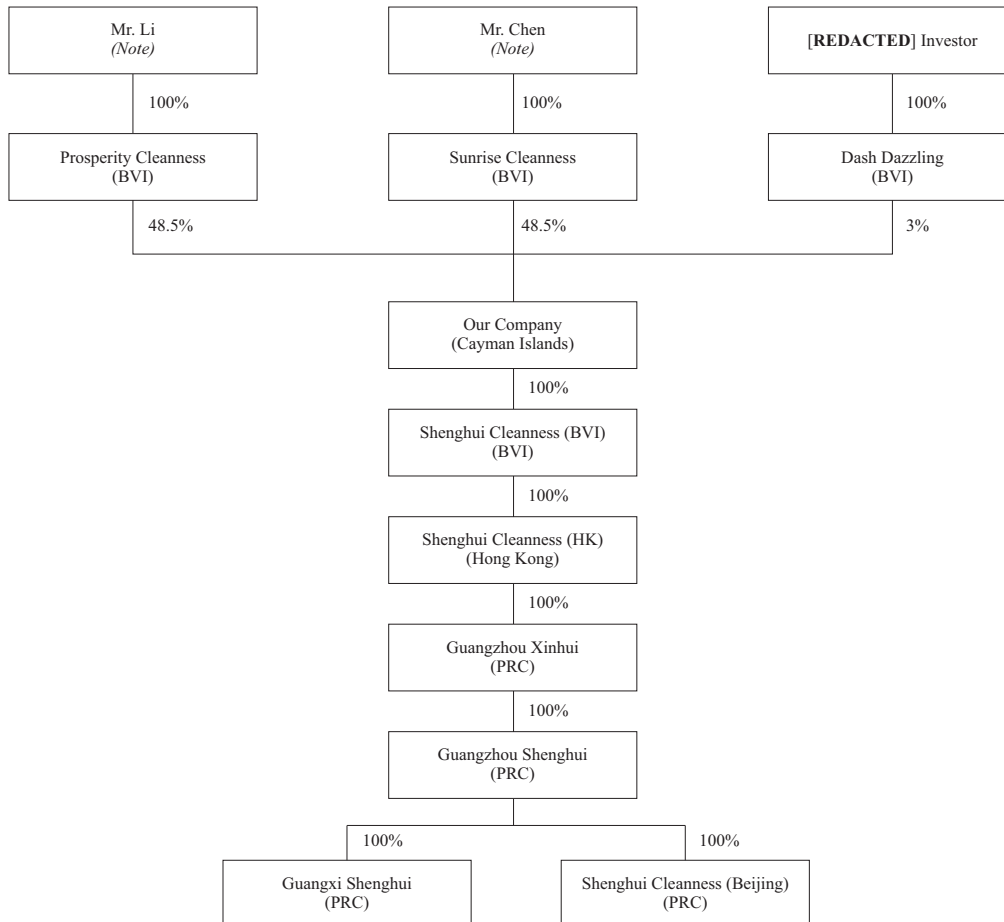
Compliance with the Guidance Letters issued by the Stock Exchange

On the basis that (i) the consideration for the [REDACTED] Investment was irrevocably settled more than 28 clear days before the date of our first submission of the [REDACTED] application to the Stock Exchange; and (ii) our Directors confirmed that the terms of the [REDACTED] Investment (including the consideration) were determined on arm’s length basis, the Sole Sponsor has confirmed that the terms of the [REDACTED] Investment are in compliance with (i) the Guidance Letter HKEx-GL-29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017; (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017; and (iii) the Guidance Letter HKEx-GL-44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER OUR REORGANISATION

The shareholding structure of our Group immediately after our Reorganisation but before the [REDACTED] and the Capitalisation Issue (without taking into account of any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) is set out below:



Note: Mr. Li and Mr. Chen are a group of Controlling Shareholders. Please refer to the section headed “Relationship with our Controlling Shareholders” of this document for further details.

HISTORY, REORGANISATION AND GROUP STRUCTURE

THE [REDACTED] AND THE CAPITALISATION ISSUE

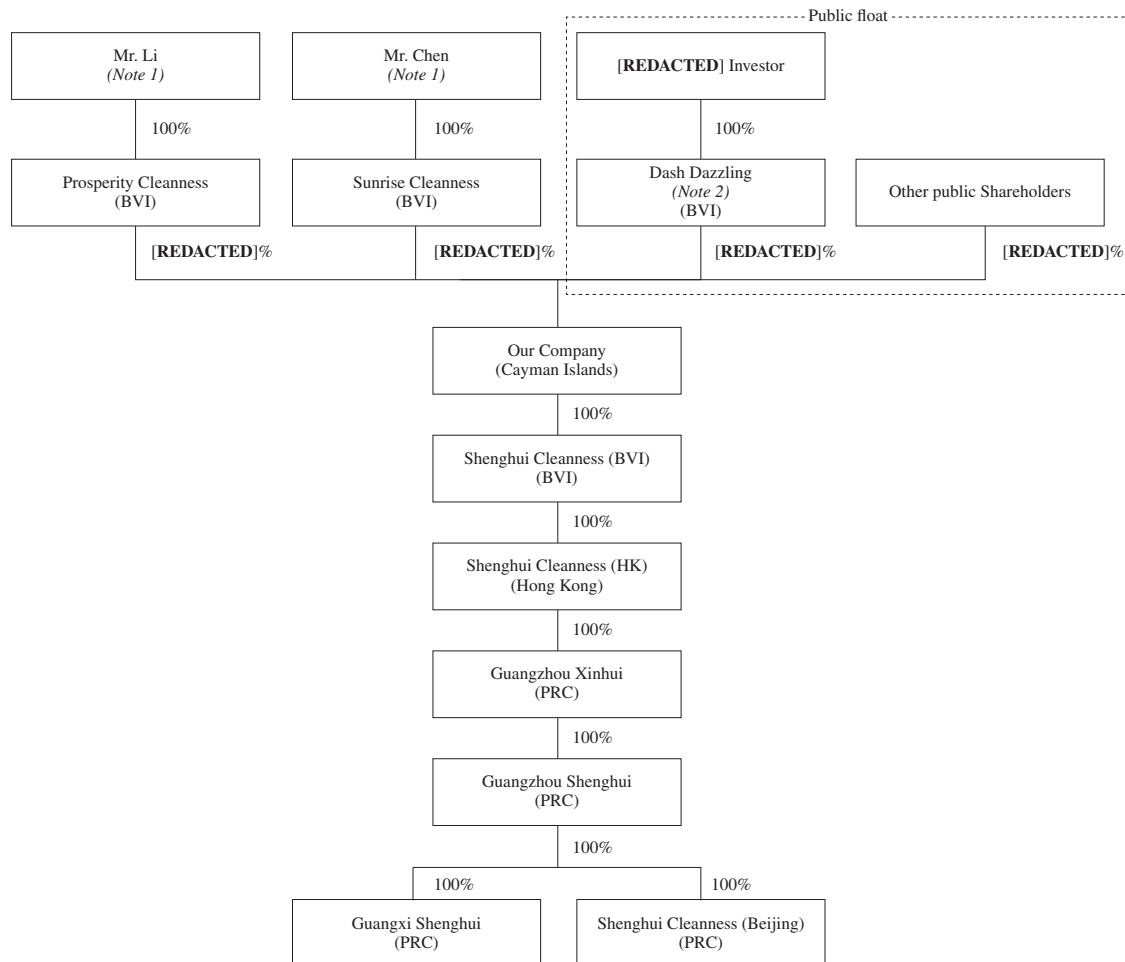
- (i) Our Company will [REDACTED] new Shares under the [REDACTED] to the general public, representing 23% of the enlarged issued share capital of our Company upon [REDACTED] (without taking into account of any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). Meanwhile, our [REDACTED] will offer in aggregate [REDACTED] Sale Shares for purchase under the [REDACTED] tranche of the [REDACTED], representing 2.5% of the enlarged issued share capital of our Company upon [REDACTED] (without taking into account of any Shares that may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme).

- (ii) Conditional upon the grant of the [REDACTED] approval by the Stock Exchange for the [REDACTED] and [REDACTED] in our Shares on the Main Board and the share premium account of the Company being credited as a result of the [REDACTED], HK\$[REDACTED] will be capitalised and applied in paying up in full at par [REDACTED] new Shares (including [REDACTED] Sale Shares) to be allotted and issued to our then existing Shareholders whose names appeared on the register of members of our Company as at the close of business on 14 November 2023 in proportion (as near as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then respective existing shareholding in our Company as at a specified date, to enable them to maintain their shareholding in the Company. Upon completion of the [REDACTED] and the Capitalisation Issue and upon [REDACTED], Prosperity Cleanness, Sunrise Cleanness and Dash Dazzling will in aggregate own 70% of the shareholding of our Company.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Corporate structure immediately after the [REDACTED] and the Capitalisation Issue

The shareholding structure of our Group immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account of any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) is set out below:



Notes:

1. Mr. Li and Mr. Chen are a group of Controlling Shareholders. Please refer to the section headed “Relationship with our Controlling Shareholders” of this document for further details.
2. Our [REDACTED] Investor and Dash Dazzling will be considered as part of the public float for the purpose of Rules 8.08(1) and 8.24 of the Listing Rules.

HISTORY, REORGANISATION AND GROUP STRUCTURE

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisers advised that the acquisition of the 3% equity interest in Guangzhou Xinhui by our [REDACTED] Investor (the “**First Acquisition**”) was subject to the M&A Rules, which required the consideration of the First Acquisition to be determined with reference to the net asset value of Guangzhou Xinhui according to an independent valuation report. Such requirement was satisfied (please refer to the paragraph headed “[REDACTED] Investment” in this section above for details) and Guangzhou Xinhui had obtained a new business licence required for the First Acquisition. After the First Acquisition, Guangzhou Xinhui became a Sino-foreign joint venture enterprise. For the acquisition of the entire equity interest in Guangzhou Xinhui by Shenghui Cleanness (HK) from Guangzhou Shenghui and our [REDACTED] Investor (the “**Second Acquisition**”), our PRC Legal Advisers advised that since the Second Acquisition took place after Guangzhou Xinhui had been converted into a sino-foreign joint venture enterprise, the Second Acquisition was an equity transfer in a foreign invested enterprise and thus the M&A Rules were not applicable to the Second Acquisition. Guangzhou Xinhui had obtained a new business licence for the Second Acquisition. Please refer to the paragraph headed “Regulatory overview – PRC laws and regulations – Laws and regulations on mergers and acquisitions and overseas listings” of this document for detailed provisions of the M&A Rules.

Our PRC Legal Advisers also confirmed that Mr. Li and Mr. Chen completed the registrations required by Circular 37 and Circular 13 on 8 January 2021. Please refer to the paragraph headed “Regulatory overview – PRC laws and regulations – Laws and regulations on foreign exchange” of this document for a description of the requirements under Circular 37 and Circular 13.

Our PRC Legal Advisers further confirmed that the relevant approvals and permits in relation to our Reorganisation steps that involved the PRC subsidiaries of our Group have been obtained in accordance with the applicable PRC laws and regulations, and each of such Reorganisation steps has been properly and legally completed, and duly registered with the relevant local registration authorities of the PRC.