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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OVERVIEW

Our Group was founded in June 2003 by Mr. Liu, our founder, chairman, chief executive officer, executive Director and our Controlling Shareholder with his personal funds, where he established Sichuan Migao, the first operating PRC subsidiary of our Group and commenced the business in the production of NOP. Since then, our Group has expanded to the production of other fertiliser products, such as KCL, SOP and compound fertiliser products and we are now one of the largest potash fertiliser companies, in terms of sales volume of potash fertilisers in China in 2022, with integrated sourcing, manufacturing, processing and selling capabilities.

In May 2006, Migao Corporation (TSX), our then holding company of our operating subsidiaries, was listed on the TSX Venture Exchange by way of a reverse take-over. We subsequently transferred to and commenced trading of our shares on TSX in May 2007. In 2016, as we believed that the then valuation of Migao Corporation (TSX) did not truly reflect its operating scale and the size of its business, which was attributed to lack of understanding and interest of overseas investors in the businesses managed and conducted in the PRC, it was decided to privatise Migao Corporation (TSX). By way of a plan of arrangement under the Business Corporation Act (Ontario) and a corporate amalgamation of Migao Corporation (TSX) and Migao Corporation (Purchaser), Migao Corporation (TSX) was delisted and privatised in December 2016. Please refer to the section headed “History, Reorganisation and Corporate Structure – Prior Listing on the TSX Venture Exchange and the TSX” in this document for further details of the Privatisation.

As part of our Reorganisation which is further described below, our Company was incorporated on 21 November 2017 and became the holding company of our Group. Please refer to the section headed “History, Reorganisation and Corporate Structure – The Reorganisation” in this document.

### HISTORY AND DEVELOPMENT

#### Key Business Milestones

The following is a summary of our Group’s key business development milestones:

2003	Sichuan Migao was established and began the operation of our first production line.
2004	Guangdong Migao was established and began the operation of our SOP production line.
2006	Changchun Migao was established.
	Migao Corporation (TSX), through a reverse take-over, was listed on TSX Venture Exchange.
2007	Shares of Migao Corporation (TSX) transferred to and commenced trading on TSX.
2010	Singapore Migao was established and began wholesale of fertilisers.
2014	We and EuroChem International cooperated to incorporate EuroChem Migao, a joint venture established for the investment in Yunnan EuroChem.

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2015	We acquired a majority stake in Daxing Migao in order to strengthen our business relationship with Guizhou Tobacco Investment.
2016	Migao Corporation (TSX) was privatised and ceased to be listed on the TSX.  Ranked top ten in the production of potash fertilisers by the China National Chemical Information Center (中國化工信息中心) since 2016.
2018	We and Heilongjiang Beidahuang established Anda Migao and Baoqing Migao in order to strengthen the business relationship with Heilongjiang Beidahuang.
2020	Awarded the “Meritorious Enterprise of the Potash Salt and Potash Fertiliser Industry of China” by China Inorganic Salts Industry Association.
2021	Ranked top 100 in the production of fertilisers by the China National Chemical Information Center (中國化工信息中心) and China Chemical Industry Information Association* (中國化工情報信息協會).
2022	We acquired Tongjiang Migao to support our development plan to build the Heilongjiang Logistics and Production Centre in Tongjiang City, Heilongjiang Province with a view to enhance our product supply efficiency and capability. Also, Migao Century (Chengdu) was established to support the centralisation of our research and development and to build and operate the research and development centre in Chengdu City, Sichuan Province.

## OUR SUBSIDIARIES

The detailed information of our subsidiaries as at the Latest Practicable Date is set out below:

Name of subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Principal business activities
Sichuan Migao	PRC	6 June 2003	Production and sales of fertilisers
Guangdong Migao	PRC	30 April 2004	Production and sales of fertilisers
Changchun Migao	PRC	5 December 2006	Production and sales of fertilisers
Daxing Migao	PRC	5 November 1996 <sup>(1)</sup>	Production and sales of fertilisers
Baoqing Migao	PRC	14 May 2018 <sup>(2)</sup>	Production and sales of fertilisers
Anda Migao	PRC	19 June 2018 <sup>(3)</sup>	Production and sales of fertilisers

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Name of subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Principal business activities
Tongjiang Migao	PRC	27 May 2021 <sup>(4)</sup>	Logistics and warehousing centre; production and sales of fertilisers
Migao Century (Chengdu)	PRC	11 August 2022	Research and development related activities; provision of technical and project management services; sales of fertilisers
HK Migao	Hong Kong	24 August 2005	Investment holding
Singapore Migao	Singapore	31 March 2010	Wholesale of fertilisers
Malaysia Migao International <sup>(5)</sup>	Malaysia	10 July 2017	Investment holding
Malaysia Migao <sup>(5)</sup>	Malaysia	24 November 2017	Investment holding

*Notes:*

- (1) Daxing Migao became our subsidiary on 26 August 2015.
- (2) Baoqing Migao became our subsidiary on 31 March 2022.
- (3) Anda Migao became our subsidiary on 31 March 2022.
- (4) Tongjiang Migao became our subsidiary on 26 April 2022.
- (5) We set up Malaysia Migao International and Malaysia Migao in anticipation of potential expansion into the fertiliser market in Malaysia. However, as at the Latest Practicable Date, neither Malaysia Migao International and Malaysia Migao had commenced material operation in Malaysia nor held any material investment and assets in Malaysia.

For detailed information of shareholding changes of our Company and our subsidiaries, please refer to the sections headed “History, Reorganisation and Corporate Structure – The Reorganisation”, “Appendix IV – Statutory and General Information – A. Further Information about Our Group – 2. Changes in Our Share Capital” and “Appendix IV – Statutory and General Information – A. Further Information about Our Group – 5. Changes in the Share Capital of Our Subsidiaries” in the document.

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### OUR JOINT VENTURE

#### EuroChem Migao and Yunnan EuroChem

We, through our wholly-owned subsidiary, HK Migao formed a 50%-50% joint venture, EuroChem Migao, in Hong Kong on 14 February 2014 with EuroChem International, an Independent Third Party. EuroChem Migao is an investment holding company and directly holds 70% equity interest in Yunnan EuroChem. The principal business activities of Yunnan EuroChem are the production and sales of fertilisers and related chemical products.

Yunnan EuroChem was established in the PRC on 12 July 2013 under its initial name of Yunnan Migao Fertiliser Co., Ltd.\* (雲南米高化肥有限公司) with a registered capital of RMB60 million, of which 60% and 40% of its registered capital was contributed by Sichuan Migao and Guangdong Migao, respectively. On 28 October 2014, EuroChem Migao acquired the entire equity interest in Yunnan EuroChem from Sichuan Migao and Guangdong Migao, at a consideration of US\$18 million determined with reference to a valuation report prepared by an Independent Third Party, which was settled on 13 November 2014. Yunnan EuroChem was renamed as Yunnan EuroChem Fertiliser Technology Co., Ltd.\* (雲南歐羅漢姆肥業科技有限公司) on 18 April 2016.

To strengthen our strategic relationship with Yunnan Tobacco, on 19 October 2018, EuroChem Migao transferred 30% equity interest in Yunnan EuroChem to Yunnan Huaye, a subsidiary of Yunnan Tobacco, for a consideration of RMB33.5 million, which was determined with reference to the registered capital of Yunnan EuroChem. The consideration was settled on 15 November 2018. Since the transfer, Yunnan EuroChem has become a joint venture and held as to 70% and 30% equity by EuroChem Migao and Yunnan Huaye, respectively.

As EuroChem Migao is accounted for as our joint venture and Yunnan EuroChem is accounted for as joint venture invested by EuroChem Migao, both of them are not consolidated into the consolidated financial statements of our Group or EuroChem International under the applicable accounting standards.

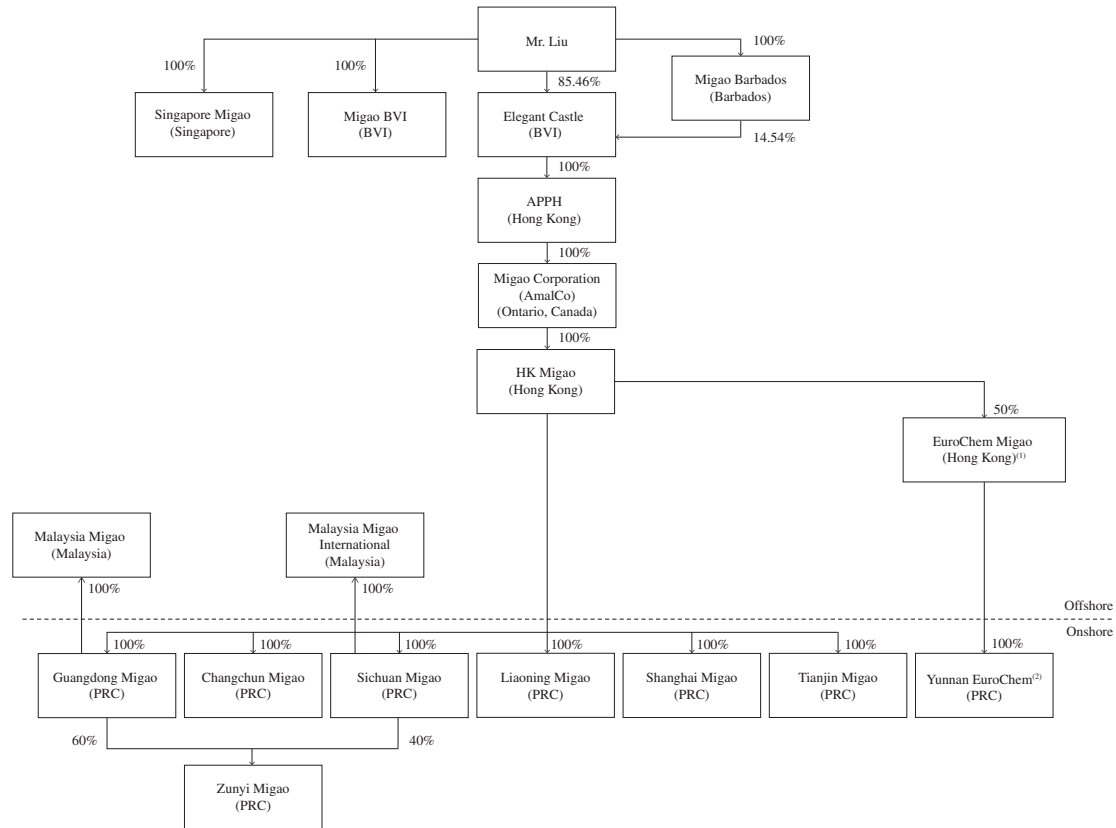
### THE REORGANISATION

Following the completion of the Privatisation, the details of which are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Prior Listing on the TSX Venture Exchange and the TSX” in this section, we underwent the Reorganisation for the purpose of the [REDACTED].

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Group Structure prior to the Reorganisation

Immediately prior to the Reorganisation, the shareholding structure of our Group was as follows:



Notes:

- (1) EuroChem Migao is a joint venture company and is not consolidated into our Group. EuroChem Migao is equally held by HK Migao and EuroChem International, an Independent Third Party.
- (2) Yunnan EuroChem was wholly owned by EuroChem Migao prior to the Reorganisation. Yunnan EuroChem is not consolidated into our Group.

### The Reorganisation

#### *Daxing Migao*

On 26 August 2015, Zunyi Migao acquired 71% equity interest in Daxing Migao from Liaoning Fengyuan Tianli Agricultural Production Information Limited\* (遼寧豐元天利農業生產資料有限公司), an Independent Third Party and the then equity holder of Daxing Migao at a consideration of RMB25 million which was determined at arm’s length negotiation. The remaining 29% equity interest were held by Guizhou Tobacco Investment. We acquired the majority equity interest in Daxing Migao in order to strengthen our Group’s business relationship with Guizhou Tobacco Investment.

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On 24 November 2015, with a view to develop a long term strategic relationship with Guizhou Tobacco Investment, Zunyi Migao transferred 20% equity interest in Daxing Migao to Guizhou Tobacco Investment at nil consideration. After such transfer, 51% and 49% equity interest in Daxing Migao were held by Zunyi Migao and Guizhou Tobacco Investment, respectively.

On 28 September 2016, Daxing Migao increased its registered capital to RMB50 million, the capital contributions of which were subscribed proportionally by Zunyi Migao and Guizhou Tobacco Investment, respectively.

On 31 December 2016, Sichuan Migao acquired 51% equity interest in Daxing Migao from Zunyi Migao at a consideration of RMB16.4 million which was determined with reference to the net asset value of Daxing Migao at that time. The consideration was settled on 11 July 2018. The remaining of 49% equity interest in Daxing Migao is held by Guizhou Tobacco Investment.

On 4 January 2018, Daxing Migao changed its name to Zunyi Daxing Compound Fertiliser Co., Ltd.\* (遵義大興複肥有限責任公司).

### *Our Company*

Our Company was incorporated in the Cayman Islands on 21 November 2017 under its initial name of Migao Group Limited 米高集團有限公司 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the date of its incorporation, its entire issued share capital of US\$10,000 has been fully paid-up and was held by Migao BVI, an investment holding company wholly-owned by Mr. Liu. On 12 June 2019, our Company changed its name to Migao Group Holdings Limited 米高集團控股有限公司.

### *Singapore Migao*

On 22 December 2017, our Company acquired the entire issued share capital in Singapore Migao from Mr. Liu at a nominal consideration of S\$1. The consideration was settled on even date.

### *Malaysia Migao International*

Sichuan Migao transferred the entire issued share capital of Malaysia Migao International to Malaysia Migao at a consideration of RM2, which was determined with reference to the nominal value of the shares of Malaysia Migao International. The consideration was deemed to be fully settled on 27 February 2018 and the transfer was completed on 28 March 2018.

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### *Baoqing Migao*

Baoqing Migao was established in the PRC on 14 May 2018 with a registered capital of RMB100 million at the time of its establishment, of which 40%, 37% and 23% of its equity interest was contributed by Guangdong Migao, Changchun Migao and Heilongjiang Beidahuang, respectively. We therefore held, in aggregate, 77% of equity interest in Baoqing Migao. The principal business activities of Baoqing Migao include the production and sales of fertilisers.

Despite the minority interest held by Heilongjiang Beidahuang, in order to prove our management capability and foster an amicable and trusted cooperation relationship between the parties, we agreed that decisions on certain matters should be consented by all shareholders of Baoqing Migao and included such requirement in the articles of association of Baoqing Migao. Therefore, since its establishment, we and Heilongjiang Beidahuang exercised joint control over Baoqing Migao, and accordingly, Baoqing Migao was treated as a joint venture of our Group. After years of cooperation, we believed we had demonstrated to Heilongjiang Beidahuang our ability and capability to successfully manage and operate Baoqing Migao. As such, we discussed with Heilongjiang Beidahuang of the plan to amend the articles of association of Baoqing Migao to remove the requirements for unanimous consent on certain matters so we can operate Baoqing Migao more efficiently and it was agreed by Heilongjiang Beidahuang. Following the relevant amendments to the articles of association of Baoqing Migao, we have obtained control over Baoqing Migao and it became our subsidiary from 31 March 2022.

### *Anda Migao*

Anda Migao was established in the PRC on 19 June 2018 with a registered capital of RMB100 million at the time of its establishment, of which 31%, 34% and 35% of its equity interest was contributed by Guangdong Migao, Changchun Migao and Heilongjiang Beidahuang respectively. We therefore held, in aggregate, 65% of equity interest in Anda Migao. The principal business activities of Anda Migao include the production and sales of fertilisers.

On 26 June 2020, Anda Migao increased its registered capital from RMB100 million to RMB180 million, the capital contributions of which were subscribed proportionally by its shareholders.

On 16 February 2022, Anda Migao increased its registered capital from RMB180 million to RMB240 million, the capital contributions of which were subscribed proportionally by its shareholders.

Despite the minority interest held by Heilongjiang Beidahuang, in order to prove our management capability and foster an amicable and trusted cooperation relationship between the parties, we agreed that decisions on certain matters should be consented by all shareholders of Anda Migao and included such requirement in the articles of association of Anda Migao.

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Therefore, since its establishment, we and Heilongjiang Beidahuang exercised joint control over Anda Migao, and accordingly, Anda Migao was treated as a joint venture of our Group. After years of cooperation, we believed we had demonstrated to Heilongjiang Beidahuang our ability and capability to successfully manage and operate Anda Migao. As such, we discussed with Heilongjiang Beidahuang of the plan to amend the articles of association of Anda Migao to remove the requirements for unanimous consent on certain matters so we can operate Anda Migao more efficiently and it was agreed by Heilongjiang Beidahuang. Following the relevant amendments to the articles of association of Anda Migao, we have obtained control over Anda Migao and it became our subsidiary since 31 March 2022.

### ***Malaysia Migao***

Guangdong Migao transferred the entire issued share capital of Malaysia Migao to Singapore Migao at a consideration of RM2, which was determined with reference to the nominal value of the shares of Malaysia Migao. The consideration was deemed to be fully settled on 24 September 2019 and the transfer was completed on 7 October 2019.

### ***Migao Century (Chengdu)***

Migao Century (Chengdu) was established in the PRC on 11 August 2022 with a registered capital of US\$20 million contributed by HK Migao. The principal activities of Migao Century (Chengdu) include, among others, the provision of technical and project management services, sales of fertilisers, and research and development and its related activities.

### ***Migao BVI***

On 18 October 2019, Mr. Liu transferred his entire shareholding in Migao BVI to Migao Barbados for nil consideration. As a result of the above transfer, Migao BVI became wholly-owned by Migao Barbados.

### ***Elegant Castle***

On 18 October 2019, Mr. Liu transferred his entire shareholding in Elegant Castle to Migao Barbados at a consideration of US\$58,075. The settlement was completed on even date. As a result of the above transfer, Elegant Castle became wholly-owned by Migao Barbados.

### ***HK Migao***

On 30 October 2019, our Company acquired the entire issued share capital of HK Migao from Migao Corporation (AmalCo) at a nominal consideration of HK\$1. As a result of the above transfer, HK Migao became wholly-owned by our Company.



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### *Tongjiang Migao*

On 26 April 2022, Liaoning Migao transferred the entire issued share capital of Tongjiang Migao to Changchun Migao at a consideration of RMB1, which was determined with reference to the valuation report prepared by an independent valuer. As a result of the transfer, Tongjiang Migao became our indirect wholly-owned subsidiary.

### *Shanghai Migao*

Shanghai Migao was established in the PRC on 26 September 2006 with a registered capital of C\$9 million contributed by HK Migao. Its principal business activities were the production of fertilisers and related chemical products. However, due to the plans regarding zoning and environment policies contemplated by the local government, it ceased production in March 2016.

As such, on 1 January 2017, we disposed the entire equity interest in Shanghai Migao to APPH in order to streamline the business of our Group. The consideration of approximately RMB4.4 million was determined based on arm’s length negotiation and was settled by way of deemed distribution on 31 March 2020. For details, please refer to the section headed “Financial Information – Selected Balance Sheet Items – Related Party Transactions – (e) Deemed Distribution to Mr. Liu” in this document.

On 7 December 2021, the business scope of Shanghai Migao has been changed to the provision of technical services in the field of chemical technology and non-residential real estate leasing. On 8 May 2023, the name of Shanghai Migao was changed to Huantaiyang Chemical Industry (Shanghai) Co., Ltd.\* (寰太洋化工(上海)有限公司). As at the Latest Practicable Date, it no longer engaged in the production and sales of fertiliser products.

For each of the years ended 31 December 2019, 2020 and 2021, based on its management accounts prepared in accordance with PRC GAAP, Shanghai Migao recorded net loss for the year primarily due to the maintenance costs incurred to maintain its production facilities and the depreciation charges of the production facilities and equipment.

### *Liaoning Migao*

Liaoning Migao was established in the PRC on 18 January 2005 with a registered capital of US\$3 million. Its principal business activities included the production of fertilisers and related chemical products as well as wholesale and import/export business of KCL.

Taking into account the uncertainty of the proposed zoning policy of the local government to re-zone the area where Liaoning Migao is located to non-chemical industrial zone and to further streamline the business of our Group, on 1 January 2017, we disposed the entire equity interest in Liaoning Migao to APPH. The consideration of approximately RMB92.7 million was determined based on arm’s length negotiation and was settled by way of deemed distribution on 31 March 2020. For details, please refer to the section headed “Financial Information – Selected Balance Sheet Items – Related Party Transactions – (e) Deemed Distribution to Mr. Liu” in this document.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 15 June 2022, APPH transferred its entire equity interest in Liaoning Migao to an Independent Third Party at a consideration of US\$16,400,000. Such consideration was determined after arm's length negotiation with reference to the valuation report prepared by an independent valuer and was fully settled on 28 June 2022. Subsequent to the disposal, Mr. Liu ceased to hold any interest in Liaoning Migao and Liaoning Migao ceased to be a related party of our Company.

Having considered that (i) there were no material administrative penalties recorded on Liaoning Migao during the Track Record Period and up to the date of the above disposal based on searches on the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統), the State Administration of Taxation of Major Tax Violations and Untrustworthy Cases Information Announcement (國家稅務總局重大稅收違法失信案件資訊公佈欄), the Yingkou City Emergency Management Bureau (營口市應急管理局), the Yingkou City Ecological Environment Bureau (營口市生態環境局), the Yingkou Health Commission (營口市衛生健康委員會), the Yingkou Housing Provident Fund Management Center (營口市住房公積金管理中心), the Yingkou Human Resources and Social Security Bureau (營口市人力資源與社會保障局), the Yingkou Commerce Bureau (營口市商務局) and the SAFE websites; (ii) Liaoning Migao having obtained the necessary licenses for its business operations during the Track Record Period and up to the date of the above disposal (including but not limited to the National Production Licence for Industrial Products (全國工業產品生產許可證), Safety Production Permit (安全生產許可證), Hazardous Chemicals Business License (危險化學品經營許可證), Production Record Certificate of Non-drug Chemicals (非藥品類易製毒化學品生產備案證明) and Pollutant Discharge Permit (排污許可證)); and (iii) the confirmation by the directors of Liaoning Migao that Liaoning Migao was not subject to any material administrative penalties during the Track Record Period and up to the date of the above disposal, our PRC Legal Advisers are of the view that Liaoning Migao did not have any material non-compliance during the Track Record Period and up to the date of the above disposal.

Based on its management accounts prepared in accordance with PRC GAAP, for each of the years ended 31 December 2019 and 2020, Liaoning Migao recorded net loss for the year primarily due to the relatively lower selling prices of its fertiliser products as it mainly sold to smaller retail customers. For the year ended 31 December 2021, Liaoning Migao recorded net profit for the year primarily due to the increase in its sales volume of fertiliser products and the increase in market price of potash fertiliser products.

### *Zunyi Migao*

Zunyi Migao was established in the PRC on 21 February 2011 with a registered capital of RMB60 million contributed by Guangdong Migao. Its principal business activities were the production and sales of fertilisers and related chemical products.

On 8 August 2011, Guangdong Migao transferred 40% equity interest in Zunyi Migao to Sichuan Migao for nil consideration. As a result, Zunyi Migao was held as to 60% and 40% equity interest by Guangdong Migao and Sichuan Migao, respectively.

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On 1 January 2017, with a view to streamline the business of our Group, Guangdong Migao and Sichuan Migao disposed their entire equity interest in Zunyi Migao at a total consideration of approximately RMB78.67 million to APPH. The consideration was determined with reference to then registered capital of Zunyi Migao and was settled by way of deemed distribution on 31 March 2020. For details, please refer to the section headed “Financial Information – Selected Balance Sheet Items – Related Party Transactions – (e) Deemed Distribution to Mr. Liu” in this document. Since March 2017, Zunyi Migao ceased production as the production was taken over by Daxing Migao as many of the orders were from customers in the vicinity of the Daxing Production Facility.

On 22 November 2021, the name of Zunyi Migao was changed to Migao (Zunyi) Real Estate Leasing Co., Ltd.\* (米高(遵義)房地產租賃有限公司) and the business scope has been changed to non-residential real estate leasing. On 5 May 2023, its name is further changed to Huantaiyang (Zunyi) Real Estate Leasing Co., Ltd.\* (寰太洋(遵義)房地產租賃有限公司). As at the Latest Practicable Date, its primary business is the leasing of properties and it does not engage in the production and sales of fertiliser products.

For each of the years ended 31 December 2019, 2020 and 2021, based on its management accounts prepared in accordance with PRC GAAP, Zunyi Migao recorded net loss for the year primarily due to the depreciation charges of properties it held which mainly consisted of warehouses.

### *Tianjin Migao*

Tianjin Migao was established in the PRC on 12 December 2007 with a registered capital of C\$12.6 million contributed by HK Migao. Its principal business activities were the production of fertilisers and related chemical products.

On 30 September 2017, we disposed the entire equity interest in Tianjin Migao to APPH in order to streamline the business of our Group, as the primary business of Tianjin Migao at the time of disposal was leasing of properties. The consideration of approximately RMB53.7 million was determined based on arm’s length negotiation and was settled on 31 March 2020.

On 18 November 2021, the business scope of Tianjin Migao has been changed to the sales of chemical products and non-residential real estate leasing. On 9 May 2023, its name is changed to Huantaiyang Chemical (Tianjin) Co., Ltd.\* (寰太洋化工(天津)有限公司). As at the Latest Practicable Date, its primary business was the leasing of warehouse nearby the Tianjin port and it did not engage in the production and sales of fertiliser products.

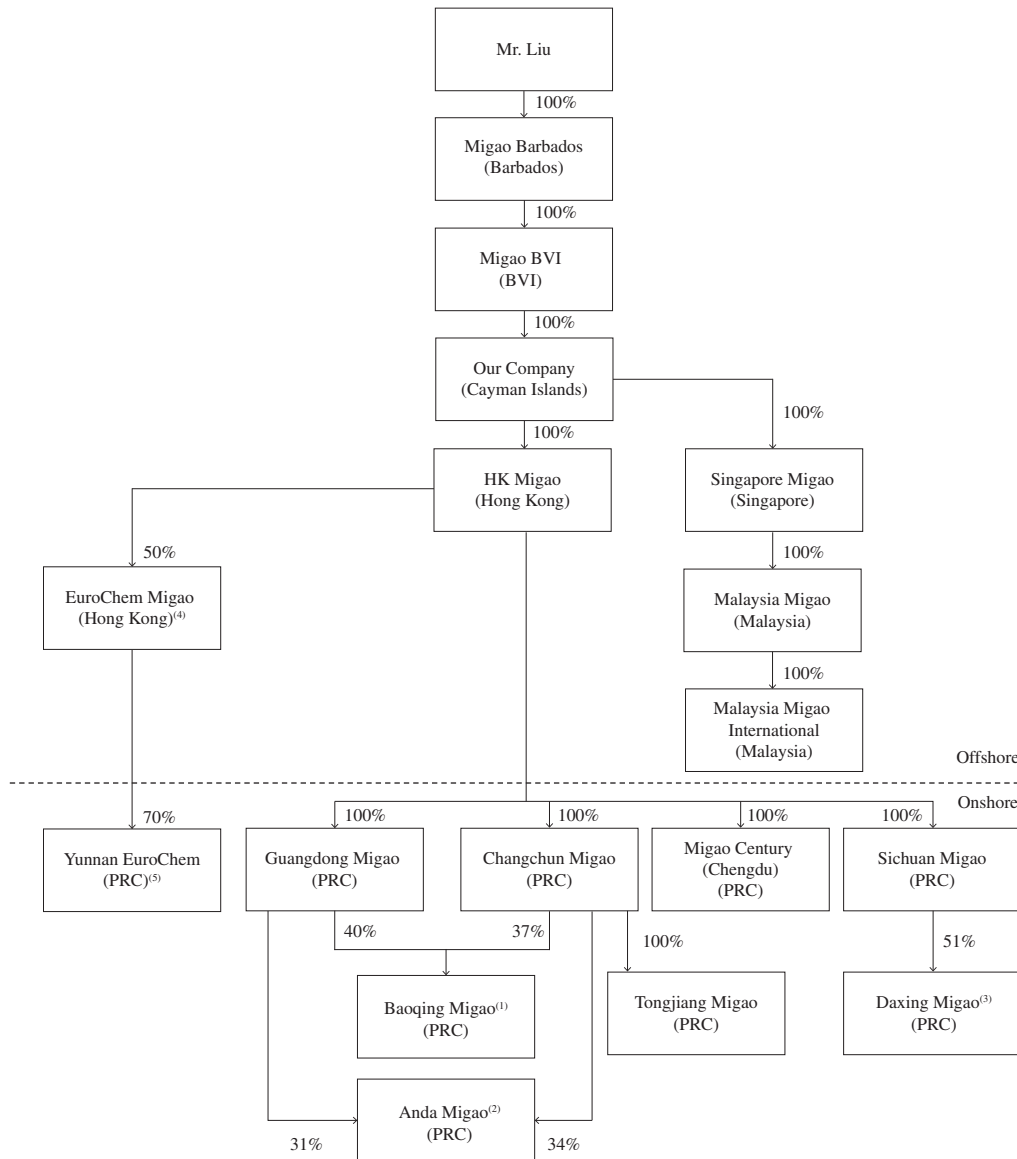
For each of the years ended 31 December 2019, 2020 and 2021, based on its management accounts prepared in accordance with PRC GAAP, Tianjin Migao recorded net loss for the year primarily due to the depreciation charges of properties it held which mainly consisted of warehouses.

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### GROUP STRUCTURE

#### Group Structure after the Reorganisation and before the [REDACTED]

Set out below is the shareholding structure of our Group immediately after the completion of the Reorganisation and prior to the [REDACTED] and the [REDACTED]:



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*Notes:*

- (1) The remaining 23% of Baoqing Migao is held by Heilongjiang Beidahuang, a substantial shareholder of Baoqing Migao and Anda Migao, and is therefore a connected person of our Company.
- (2) The remaining 35% of Anda Migao is held by Heilongjiang Beidahuang, a substantial shareholder of Baoqing Migao and Anda Migao, and is therefore a connected person of our Company.
- (3) The remaining 49% of Daxing Migao is held by Guizhou Tobacco Investment, an Independent Third Party (other than being a substantial shareholder of Daxing Migao).
- (4) EuroChem Migao is a joint venture company and is not consolidated into our Group. EuroChem Migao is equally held by HK Migao and EuroChem International, an Independent Third Party.
- (5) Yunnan EuroChem is the joint venture invested by our direct joint venture, EuroChem Migao and is not consolidated into our Group. Yunnan EuroChem is held as to 70% and 30% equity interest by EuroChem Migao (our direct joint venture) and Yunnan Huaye (an Independent Third Party).

### Subdivision and Increase of our Authorised Share Capital

On [●], the authorised share capital of our Company was subdivided from US\$50,000 divided into 50,000 Shares of US\$1 each to [5,000,000] Shares of US\$[0.01] each. On [●], our authorised share capital was increased from [5,000,000] Shares of US\$[0.01] each to [10,000,000,000] Shares of US\$[0.01] each. Our Company remained wholly-owned by Migao BVI after the above changes in our authorised share capital.

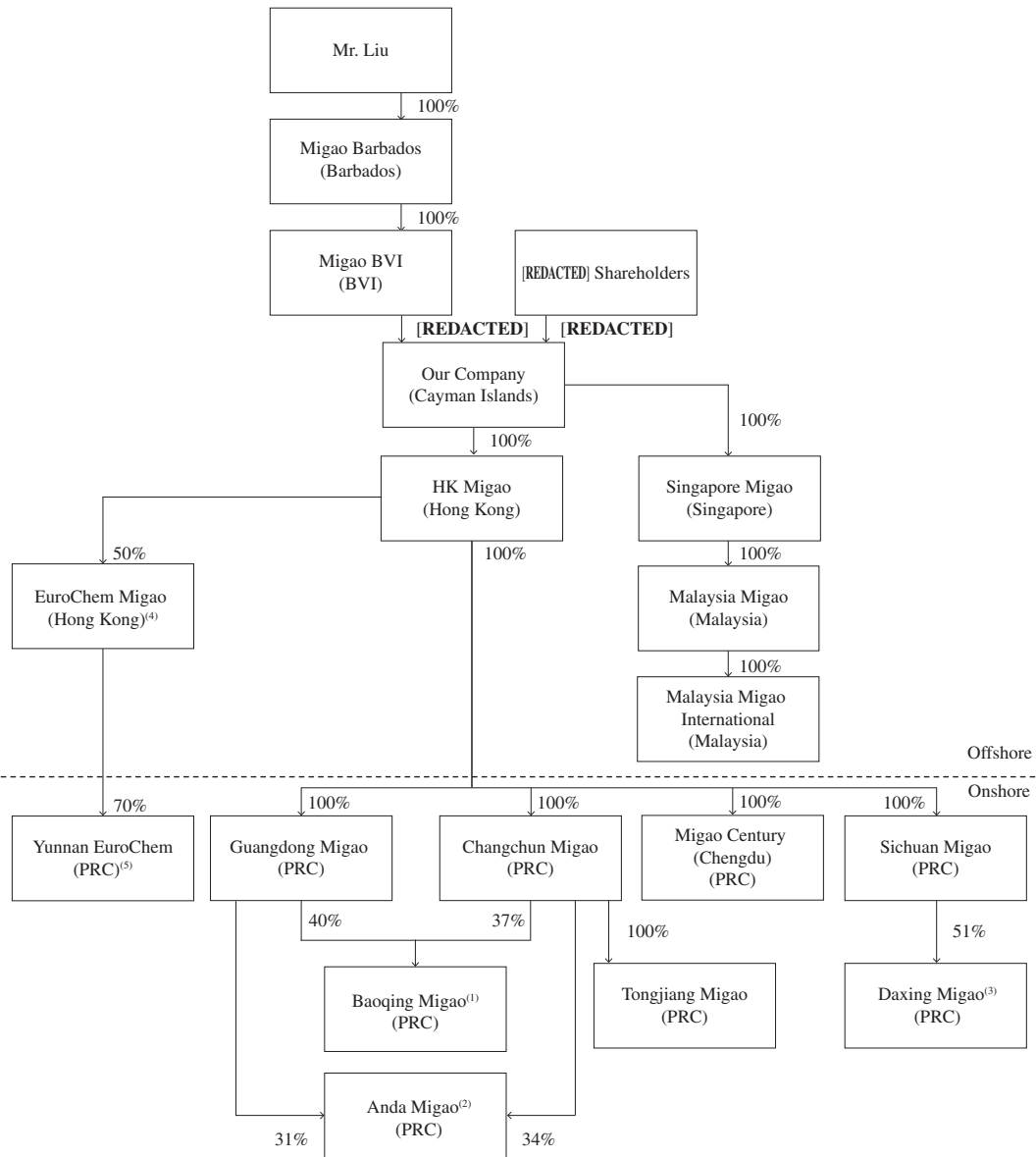
[REDACTED]

Pursuant to the written resolutions of our Shareholder passed on [●], conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorised to capitalise an amount of US\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for allotment and issue to the person(s) of Shares whose name(s) appear on the register of members of our Company, on a pro rate basis at the close of business on the date preceding the [REDACTED] (or as they may direct).

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### Group Structure Immediately after the [REDACTED]

Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] has not been exercised), the shareholding structure of our Group will be as follows:



*Notes:*

- (1) The remaining 23% of Baoqing Migao is held by Heilongjiang Beidahuang, a substantial shareholder of Baoqing Migao and Anda Migao, and is therefore a connected person of our Company.
- (2) The remaining 35% of Anda Migao is held by Heilongjiang Beidahuang, a substantial shareholder of Baoqing Migao and Anda Migao, and is therefore a connected person of our Company.
- (3) The remaining 49% of Daxing Migao is held by Guizhou Tobacco Investment, an Independent Third Party (other than being a substantial shareholder of Daxing Migao).
- (4) EuroChem Migao is a joint venture company and is not consolidated into our Group. EuroChem Migao is equally held by HK Migao and EuroChem International, an Independent Third Party.
- (5) Yunnan EuroChem is the joint venture invested by our direct joint venture, EuroChem Migao and is not consolidated into our Group. Yunnan EuroChem is held as to 70% and 30% equity interest by EuroChem Migao (our direct joint venture) and Yunnan Huaye (an Independent Third Party).

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### PRIOR LISTING ON THE TSX VENTURE EXCHANGE AND THE TSX

#### Listing on TSX Venture Exchange and the TSX

Migao Corporation (TSX), the then holding company of our operating subsidiaries, was listed on the TSX Venture Exchange by way of a reverse take-over of Fox Mountain Explorations Ltd. (“**Fox Mountain**”) by HK Migao on 18 May 2006. Fox Mountain was renamed as “Migao Corporation” upon completion of the reverse take-over. Shares of Migao Corporation (TSX) subsequently ceased to trade on the TSX Venture Exchange on 9 May 2007 and commenced to trade on TSX on 10 May 2007 following the approval of its application for the listing of its shares.

#### The Privatisation

On 7 June 2016, Migao Corporation (TSX) entered into an arrangement agreement with Mr. Liu and Migao Corporation (Purchaser) pursuant to which Migao Corporation (Purchaser) shall acquire 34,614,548 shares, representing approximately 66% of the issued share capital of Migao Corporation (TSX), at C\$0.75 per share for a total cash consideration of C\$25,960,911.00 (the “**Acquisition**”) by way of a plan of arrangement under the Business Corporations Act (Ontario) (the “**Plan of Arrangement**”). Prior to the Acquisition, the remaining shares of Migao Corporation (TSX), being 17,746,612 shares and 135,000 shares were held by Migao Corporation (Purchaser)’s affiliates, namely, Migao International and Mr. Liu.

The cash consideration of C\$0.75 per share represented a 97.37% premium over the closing price of the shares of Migao Corporation (TSX) on the TSX on 6 June 2016, the last trading day before announcement of the Plan of Arrangement, and a premium of approximately 93.4% over the 20 trading-day volume-weighted average price of the shares on TSX ended 6 June 2016.

The Plan of Arrangement was approved by the shareholders of Migao Corporation (TSX) at the special general meeting held on 27 July 2016 and by the Ontario Superior Court of Justice (Commercial List) on 29 July 2016.

On 6 September 2016, the Acquisition was completed and all shares of Migao Corporation (TSX) were held by Migao Corporation (Purchaser) and its affiliates. The shares of Migao Corporation (TSX) was delisted from TSX on 9 September 2016.

On 21 December 2016, Migao Corporation (TSX) and Migao Corporation (Purchaser) completed a corporate amalgamation. The entity after the amalgamation was also named Migao Corporation.

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## **HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

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### **Funding of the Privatisation**

The total consideration of the Acquisition was financed through internal resources of Migao Corporation (Purchaser).

### **Reasons for the Privatisation and Delisting**

We believed that the then valuation of Migao Corporation (TSX) did not truly reflect its operating scale and the size of business, which were attributed to lack of understanding and interest of overseas investors in the businesses managed and conducted in the PRC.

### **Compliance record during the listing on TSX Venture Exchange and TSX**

To the best of our Directors’ knowledge, there was no material non-compliance incident during the period in which Migao Corporation (TSX) was listed on TSX Venture Exchange and TSX and there is no matter that should be brought to the investors’ attention in relation to the compliance record of Migao Corporation (TSX) during its listing on the TSX Venture Exchange and the TSX.

Based on the due diligence conducted by the Sole Sponsor, the Sole Sponsor was not aware of any material findings which cast doubt on our Directors’ view that there was no material non-compliance incident during the period in which Migao Corporation (TSX) was listed on TSX Venture Exchange and TSX and there is no matter that should be brought to the investors’ attention in relation to the compliance record of Migao Corporation (TSX) during its listing on the TSX Venture Exchange and the TSX.

### **APPLICATION FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE**

We consider Hong Kong a suitable venue for [REDACTED] as our businesses and operations principally located, managed and conducted in the PRC, and a [REDACTED] in Hong Kong will not only contribute to opportunities for future fund-raising, but also allow more Hong Kong, PRC and other Asian-based investors to have a better understanding and appreciation of our Group’s business. This will also provide better synergy for us to enhance our corporate profile, brand awareness, corporate governance and shareholder base. The Directors consider a [REDACTED] in Hong Kong will benefit our Company and its Shareholders as a whole.

### **PRE-[REDACTED] SHARE OPTION SCHEME**

We had conditionally adopted the Pre-[REDACTED] Share Option Scheme on 23 March 2022 to enable us to grant options to selected participants as incentives or rewards for their contribution to our Group. No option had been granted or agreed to be granted by our Company pursuant to the Pre-[REDACTED] Share Option Scheme since its adoption. In view of our business operation and development need, the Pre-[REDACTED] Share Option Scheme was subsequently terminated pursuant to the written resolution of our Directors on 18 April 2023.

### **PRC LEGAL COMPLIANCE**

Our PRC Legal Advisers have confirmed that the Reorganisation, equity transfers and increase in registered capital of our subsidiaries incorporated in the PRC as described in this section were legal and valid and all material approvals and permits have been obtained and are valid, in all material respects, in compliance with all applicable PRC laws and regulations.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### SAFE REGISTRATION

Pursuant to the Notice on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (Hui Fa [2005] No. 75, hereinafter referred to as the “Circular No. 75”) issued by SAFE on 21 October 2005, and the Notice on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and in Return Investment via Special Purpose Companies (《關於境內居民通過特殊目公司境外投融資及返程外匯管理有關問題的通知》) (Hui Fa [2014] No. 37) issued on 4 July 2014 to replace Circular No. 75, domestic residents shall, before establishing or controlling an overseas special purpose company, apply to the local branch or department of foreign exchange administration for going through the procedures for foreign exchange registration of overseas investments.

Our PRC Legal Advisers have confirmed that Mr. Liu has duly registered in respect of his investment in our Group in accordance with SAFE Circular No. 75.

### M&A RULES

The M&A Rules, a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors, which were jointly promulgated by six PRC regulatory agencies, came into effect on 8 August 2006 and was amended on 22 June 2009. Under the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic company thereby converting it into a foreign invested enterprise, or subscribes for new equity via an increase in registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign invested enterprise. Where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules also provide that an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading securities of such offshore special purpose vehicle on an overseas stock exchange.

Given that Guangdong Migao and Sichuan Migao were wholly owned by HK Migao before the promulgation of the M&A Rules and Changchun Migao was directly established as foreign-invested enterprise, our PRC Legal Advisers are of the opinion that we are not subject to the M&A Rules and hence it is not necessary for us to obtain approval from the MOFCOM and CSRC for the [REDACTED] under the M&A Rules.