

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### OVERVIEW

We are a petroleum refinery and petrochemical equipment manufacturer based in Henan Province, the PRC, mainly offering (i) SRU and VOCs incineration equipment; (ii) catalytic cracking equipment; (iii) process burners; and (iv) heat exchangers. Our history traces back to January 1994 when Luoyang Ruichang, our principal operating subsidiary, was established in Luoyang city of the PRC. Mr. Lu Bo and Ms. Lu Xiaojing are siblings and have been serving as directors and senior management of Luoyang Ruichang since its inception, managing the business affairs of our Group. They obtained 100% control of Luoyang Ruichang from their father in June 2011. Mr. Lu Bo and Ms. Lu Xiaojing, our executive Directors and Controlling Shareholders are jointly responsible for the operations and management of our Group. For further detail regarding Mr. Lu Bo and Ms. Lu Xiaojing, please refer to the section headed “Directors and Senior Management” in this document.

### OUR MILESTONES

The following table sets forth certain key business development milestones of our Group:

Year	Milestone
1994	Luoyang Ruichang, our principal operating subsidiary was incorporated in January, primarily focused on the manufacturing and sale of petroleum refinery and petrochemical equipment
2008	Luoyang Ruichang qualified as a High and New Technology Enterprise (高新技術企業)
2009	We participated in the drafting and preparation of “Test and Measurements Code of Burner Tubular Heater in Petrochemical Industry” (石油化工管式爐用燃燒器試驗檢測規程), an industry test and inspection standard published by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2010	We entered into an agreement to establish the Innovative Combustion Technology R&D Centre (燃燒新技術研發中心) together with the Huazhong University of Science and Technology (華中科技大學) in March
2012	We obtained the relevant invention patents for our glass plate heat exchanger (玻璃板式換熱器)
2014	We completed construction of our scientific research building complex located in Heluo Road, Luoyang city in January
2015	We completed the construction with Honeywell China, a wholly-owned subsidiary of Honeywell International, on the Asia Pacific Burning Testing Centre (亞太燃燒測試中心)
	We received the second-class award for the “Price for Progress of Science and Technology of Luoyang City” (洛陽市科技進步二等獎) issued by the Luoyang city People’s Government

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Year	Milestone
	We registered our trademark “ <b>REGGLASS</b> ” for our glass plate heat exchanger in the PRC
2016	We contributed to and assisted in the drafting of the “Technical Specification for Burners of Tubular Heater in Petrochemical Industry” (石油化工管式爐燃燒器工程技術條件) published by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2020	To expand our international presence and reach, we established Burner Expert Inc., our wholly-owned subsidiary in Canada in June.  We also have been participating in the drafting and preparation of “Burner for Fired-heater of Refinery Services” (煉油裝置火焰加熱爐用燃燒器), an industry technical standard to be published by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)  In November, we entered into an agreement to establish a postdoctoral research programme and invention base with Xi’An Jiaotong University (西安交通大學) in support of our research and development and talent recruitment
2021	To further expand our international presence and reach, we enter into an agreement to acquire 22.5% equity interest in HS Engenharia e Supervisao Ltda in March, a company incorporated in Brazil  Shanghai Ruiqieer qualified as a High and New Technology Enterprise (高新技術企業)
2022	We entered into a cooperation agreement with the National Technology Transfer Centre of the East China University of Science and Technology (華東理工大學國家技術轉移中心) to jointly establish a research centre to cooperate on low-carbon and green energy research and development  Shanghai Ruiqieer was awarded as a “Shanghai specialised and sophisticated enterprise” (上海市專精特新企業) by the Shanghai Municipal Commission of Economy and Information (上海市經濟和信息化委員會) in March
2023	Luoyang Ruichang was awarded as a “Specialised, sophisticated and Little Giant Enterprise” (專精特新小巨人企業) by Department of Industry and Information Technology of Henan Province (河南省工業和信息化廳)

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### OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had 10 wholly-owned subsidiaries and one non-wholly owned subsidiary. The following sets forth details of our principal subsidiaries through which we conduct our principal businesses:

Name	Date and place of incorporation	Registered capital	Principal business activities
Luoyang Ruichang	25 January 1994 (PRC)	RMB100 million	Manufacturing and sales of petroleum refinery and petro-chemical equipment
Shanghai Ruiqieer	12 December 2002 (PRC)	RMB100 million	Sales of petroleum refinery and petro-chemical equipment

### CORPORATE DEVELOPMENT

The following sets forth the major corporate history and shareholding changes of our Company and our principal subsidiaries.

#### Our Company

Our Company was incorporated in the Cayman Islands on 6 February 2020 as an exempted company with limited liability. The initial authorised share capital of our Company was US\$50,000 divided into 500,000,000 Shares of US\$0.0001 par value each. On the same day, the initial subscriber, Sertus Nominees (Cayman) Limited (an Independent Third Party) transferred one ordinary Share of our Company to Richen Development, Richen Development subscribed for an additional of 4,999 Shares and Riches Development subscribed for an additional of 5,000 Shares.

Pursuant to a series A preferred share subscription agreement (the “**First Share Subscription Agreement**”) dated 20 April 2021, entered into by and between, Mr. Tang Yinsheng, Mr. Li Yijun and our Company, as well as a series A preferred share purchase agreement (the “**Second Share Subscription Agreement**”, together with the First Share Subscription Agreement, the “**Share Subscription Agreements**”) dated 13 May 2021, entered into by and between Mr. Li Hua and our Company, and concurrent with the closing of our Pre-[REDACTED] Investment, our Company subdivided each issued and unissued share of nominal or par value of US\$0.0001 in the authorised share capital of the Company into 10 shares at par value of US\$0.00001 each, such that the authorised share capital of the Company has become US\$50,000 divided into 5,000,000,000 shares of par value of US\$0.00001 each on 17 May 2021.

On 17 May 2021, our Company allotted and issued a total of 10,740 series A preferred shares for a total consideration of HK\$23.65 million, representing approximately 9.70% of the then issued share capital of our Company. The consideration was determined based on commercial negotiation between our Company, the Pre-[REDACTED] Investors, and Mr. Li Hua, after taking into consideration the business performance and financial position and prospect of the proposed [REDACTED]. For further details, please refer to the paragraph headed “Pre-[REDACTED] Investments” of this section.

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On 26 May 2021, our Company allotted and issued 3,470 Shares to Risen Development, an employee shareholding vehicle whose shareholders, as of the Latest Practicable Date, consist of employees and former employees of our Group, for a total consideration of US\$919,000.

On 21 July 2023, Mr. Li Hua entered into a share purchase agreement with Riches Development and Richen Development, pursuant to which Riches Development and Richen Development agreed to each purchase from Mr. Li Hua 1,705 Shares, totaling 3,410 Shares which represent Mr. Li Hua’s entire shareholding of 2.99% in our Company, at a consideration of HK\$9.4 million. The consideration was determined after arm’s length negotiation with reference to the original investment amount plus a simple interest rate of 12% per annum. The consideration was fully settled in cash on 25 July 2023 and the transaction was completed on 27 July 2023. Upon the completion of such share transfer, Mr. Li Hua ceased to be the Shareholder of our Company. For further details, please refer to the paragraph headed “Sale of Shares by Mr. Li Hua” of this section.

Upon completion of the aforementioned share transactions, Mr. Lu Bo, Ms. Lu Xiaojing, Risen Development, Mr. Tang Yinsheng and Mr. Li Yijun were each interested in approximately 45.27%, 45.27%, 3.04%, 3.98% and 2.44% of our Company’s then issued share capital.

### **Luoyang Ruichang**

Luoyang Ruichang is one of our principal operating subsidiaries which principally engaged in the manufacturing and sales of petroleum refinery and petrochemical equipment. It was established by Luoyang Jianxi Luozhou Shuangtui Petroleum Machinery Parts Factory (洛陽市澗西洛軸雙退石油機械配件廠), whose founder, legal representative and factory manager are Mr. Lu Changlin (the late-father of Mr. Lu Bo and Ms. Lu Xiaojing) since 1980s, together with Mr. Freudenstein and Mrs. Freudenstein (being the brother-in-law and sister of Mr. Shao Song, our executive Director. Luoyang Ruichang has undergone a number of internal corporate restructuring steps and Mr. Lu Bo and Ms. Lu Xiaojing obtained 100% control of Luoyang Ruichang (through obtainment of interest in Flame Petro-Chemical) from their father in June 2011. Luoyang Ruichang has been a wholly-owned subsidiary of Flame Petrol-Chemical, our offshore holding company (which was in turn owned by Mr. Lu Changlin, Mr. Lu Bo and Ms. Lu Xiaojing as to 40%, 30% and 30% respectively prior to June 2011, and was owned by Mr. Lu Bo and Ms. Lu Xiaojing as to 50% each after June 2011 but prior to the Reorganisation).

On 29 December 2015, Flame Petrol-Chemical increased the registered capital of Luoyang Ruichang from RMB15 million to RMB50 million and further increased the registered capital of Luoyang Ruichang to RMB100 million on 12 June 2018 (which has been fully paid up).

### **Shanghai Ruiqier**

Shanghai Ruiqier is one of our principal operating subsidiaries and was established by Mrs. Freudenstein (being the sister of Mr. Shao Song, our executive Director) in the PRC as a limited liability company on 12 December 2002 with a registered capital of RMB3.0 million. Mr. Lu Bo and Ms. Lu Xiaojing became shareholders of Shanghai Ruiqier in July 2010, each holding 50% of its registered capital transferred to them from Mrs. Freudenstein at an aggregate consideration of RMB100,000. Mr. Lu Bo and Ms. Lu Xiaojing subsequently increased the registered capital of Shanghai Ruiqier to RMB9.5 million in equal proportion on 20 March 2018 (which has been fully paid up) and transferred their respective interest in Shanghai Ruiqier to Luoyang Ruichang for a consideration of RMB75,000 on 28 April 2018. The consideration was determined with reference to the net asset value of Shanghai

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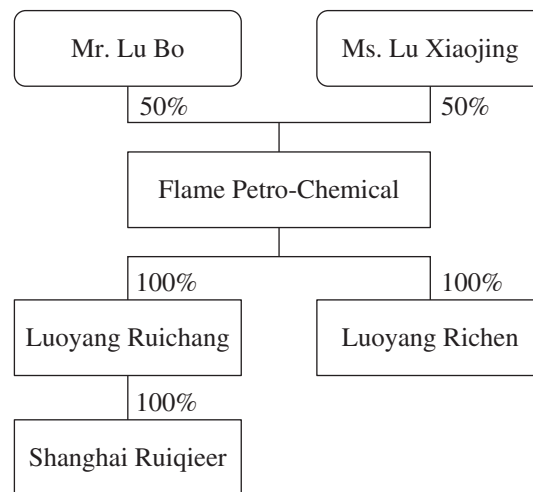
Ruiqieer as at 31 January 2018. Shanghai Ruichang remained as a subsidiary of Luoyang Ruichang since the equity transfer and undertook the Reorganisation steps as set out in the section headed “Reorganisation” below.

Our PRC Legal Adviser has confirmed that the increase of registered capital and equity transfer in respect of Luoyang Ruichang and Shanghai Ruiqieer have been properly and legally completed and all necessary regulatory registration have been obtained in accordance with the applicable PRC laws and regulations.

To the best of our Directors’ knowledge, during the Track Record Period and up to the Latest Practicable Date, saved for Mr. Lu Changlin being the late-father of Mr. Lu Bo and Ms. Lu Xiaojing, and Mr. Freudenstein and Mrs. Freudenstein being the brother-in-law and sister of Mr. Shao Song, respectively, each of them has no other past or present relationship, transactions or other arrangement with our Group, Directors, Shareholders, senior management or any of their respective associates.

### REORGANISATION

In preparation for the [REDACTED], we underwent the following steps of Reorganisation. The following chart sets forth a simplified shareholding structure immediately prior to the Reorganisation:



#### Step 1: Transfer of Shanghai Ruiqieer

On 6 January 2020, Luoyang Ruichang transferred 50% of the equity interest of Shanghai Ruiqieer to each of Mr. Lu Bo and Ms. Lu Xiaojing for RMB75,000, the consideration was determined with reference to the consideration of the equity transfer between Mr. Lu Bo, Ms. Lu Xiaojing and Luoyang Ruichang on 28 April 2018 (the “**Reference Transfer**”).

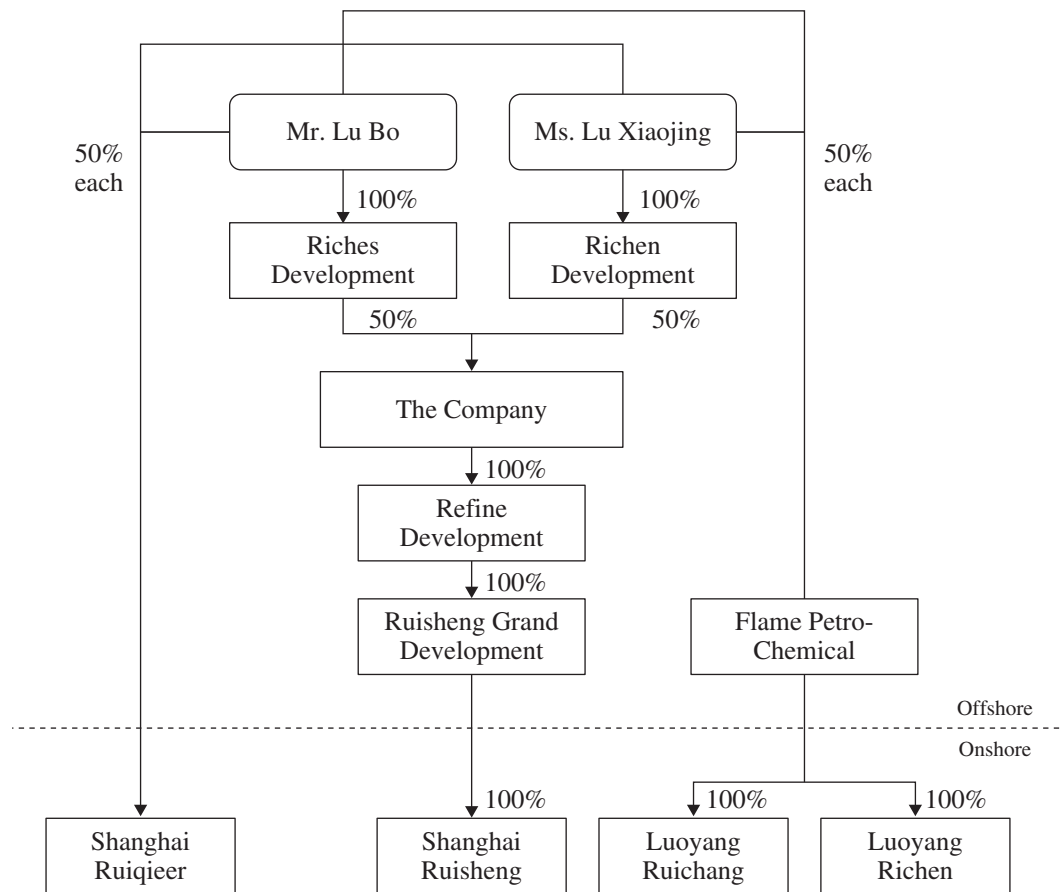
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**Step 2: Incorporation of our Company and other entities**

Our Company was incorporated in the Cayman Islands on 6 February 2020 as an exempted company with limited liability. The initial authorised share capital of our Company was US\$50,000 divided into 500,000,000 Shares with a par value of US\$0.0001. Mr. Lu Bo and Ms. Lu Xiaojing were each interested in 50% of the issued share capital of our Company through their holding vehicle, Riches Development and Richen Development, respectively.

As part of the Reorganisation, our Company also incorporated Refine Development on 18 February 2020, Ruisheng Grand Development on 6 March 2020, and Shanghai Ruisheng on 24 June 2020.

Upon completion of step 2, our shareholding structure is as follow:



**Step 3: Injection of Flame Petro-Chemical into the [REDACTED] Group**

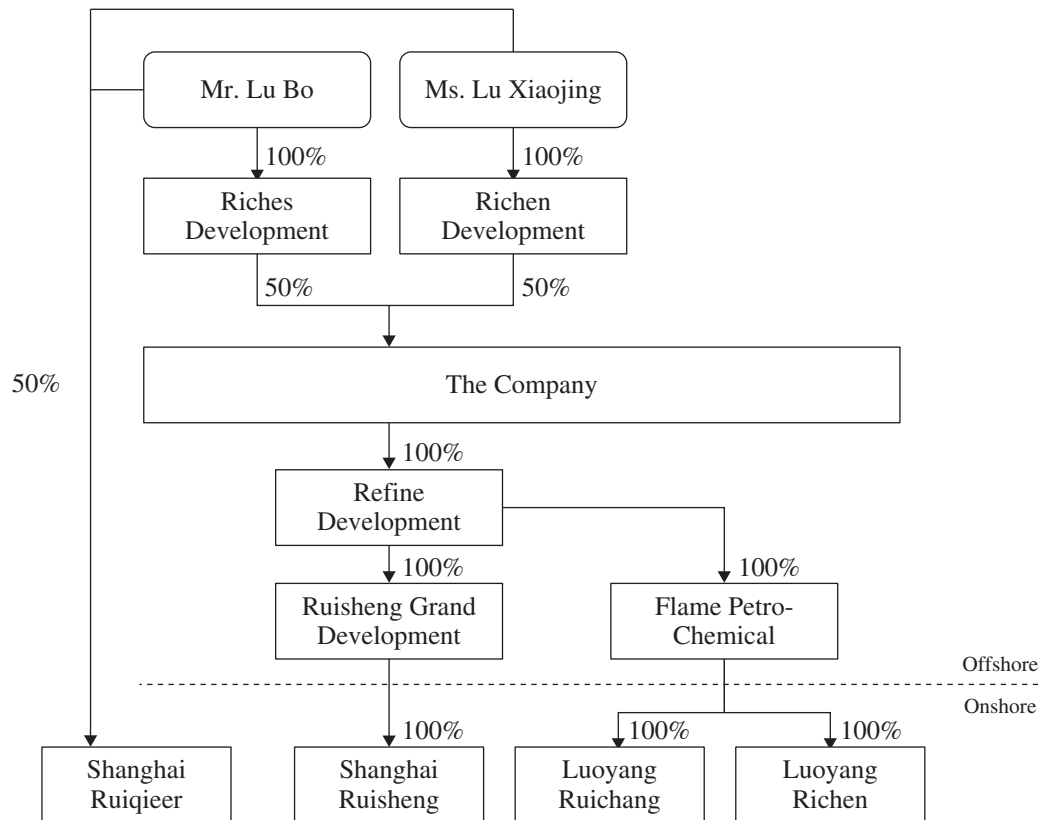
On 10 June 2020, Flame Petro-Chemical allotted and issued 19,000,000 shares to Refine Development for a consideration of approximately US\$19.0 million, the consideration was determined with reference to the share capital of Flame Petro-Chemical at the time of the transfer. Upon completion of the share issuance, Refine Development, Mr. Lu Bo and Ms. Lu Xiaojing were interested in 95.0%, 2.5% and 2.5% of the interest in Flame Petro-Chemical, respectively.

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**Step 4: Acquisition of outstanding interest in Flame Petro-Chemical**

On 22 December 2020, Refine Development acquired the entire interest in Flame Petro-Chemical from Mr. Lu Bo and Ms. Lu Xiaojing for a total consideration of approximately US\$1.48 million and Flame Petro-Chemical became a wholly-owned subsidiary of the Group upon completion of the share transfer. The consideration was determined with reference to the net asset value of Luoyang Ruichang as at 30 September 2020 as set forth in a valuation report prepared by an independent valuer.

Upon completion of step 4, our shareholding structure is as follow:



**Step 5: Transfer to an offshore entity**

On 30 January 2021, pursuant to an equity transfer agreement, Tokukei (HongKong) Limited (德慶(香港)有限公司) agreed to acquire 10% of the equity interest in Shanghai Ruiqieer from Mr. Lu Bo for a consideration of RMB15,000. The consideration was determined with reference to Reference Transfer. Upon completion of the transfer on 11 May 2021, Shanghai Ruiqieer is converted into a sino-foreign joint venture entity and Tokukei (HongKong) Limited, Mr. Lu Bo and Ms. Lu Xiaojing is interested in 10%, 40% and 50% of its equity interest, respectively. Tokukei (HongKong) Limited and its ultimate beneficial owners are Independent Third Parties of our Company and each of Mr. Lu Bo and Ms. Lu Xiaojing.

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### **Step 6: Acquisition by Shanghai Ruisheng**

On 13 May 2021, pursuant to equity transfer agreements, Shanghai Ruisheng agreed to acquire the entire equity interest in Shanghai Ruiqier from Tokukei (HongKong) Limited, Mr. Lu Bo and Ms. Lu Xiaojing for a total consideration of RMB150,000. The consideration set forth in this step were determined with reference to the consideration of the equity transfer completed on 30 January 2021. The equity transfer was completed on 24 May 2021.

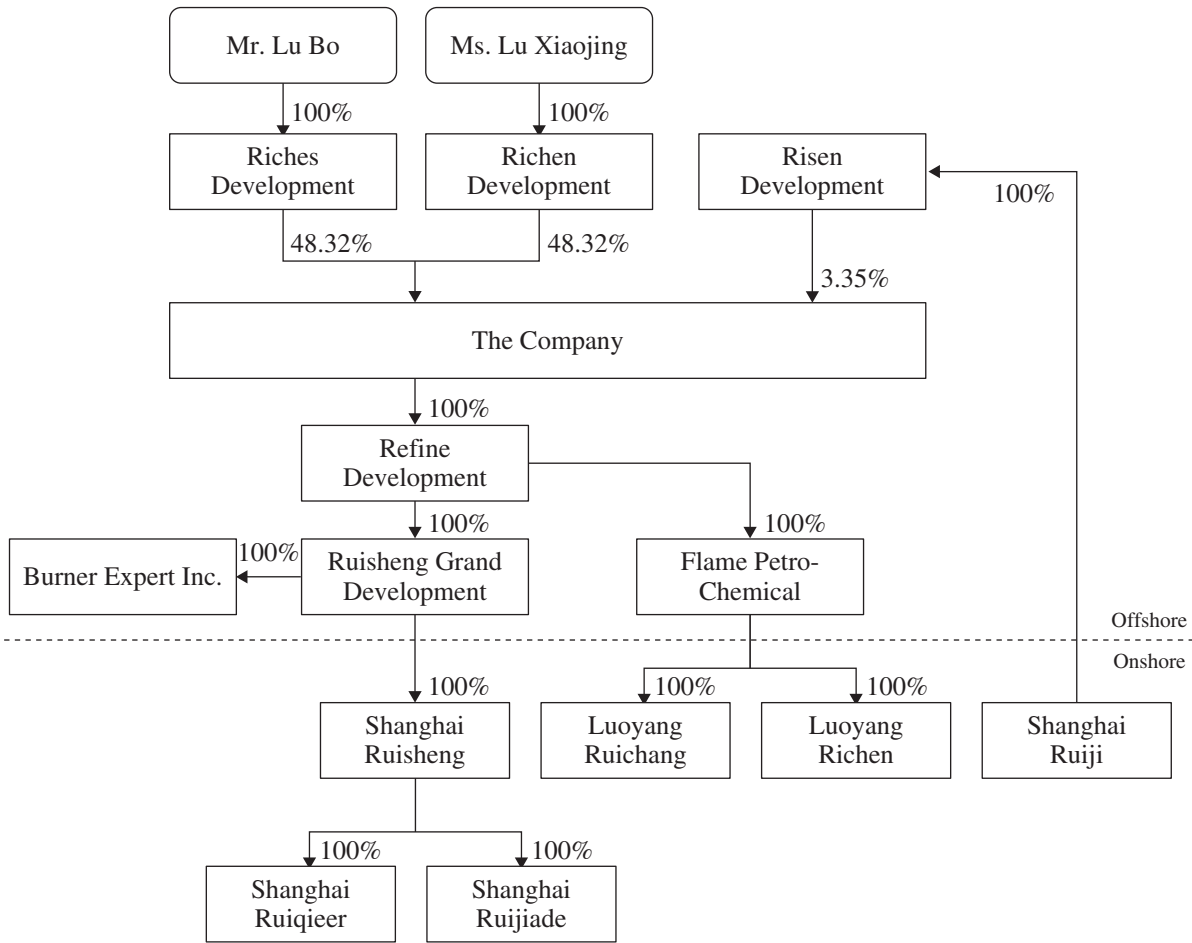
### **Step 7: Establishment of Risen Development as an employee shareholding vehicle**

On 26 May 2021, our Company allotted 3,470 Shares to Risen Development. Risen Development was established as an employee shareholding vehicle and is directly owned by Shanghai Ruiji Technology Development Co., Ltd. (上海睿稷科技發展有限公司). As of the Latest Practicable Date, it is owned by 31 employees and former employees of our Group, including our executive Directors, Mr. Shao Song and Ms. Wu Rui as to approximately 10.17% and 0.95%, respectively.



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Upon completion of the Reorganisation (and without taking into account our Pre-[REDACTED] Investments), our shareholding structure is as follow:



**ESTABLISHMENT OF FAMILY TRUST**

The LB Personal Trust and The LXJ Personal Trust was established by Mr. Lu Bo and Ms. Lu Xiaojing, respectively. They are also the trust protector and beneficiary of their respective family trust and are able to exercise control over such family trust. The family trust was established by Mr. Lu Bo and Ms. Lu Xiaojing for estate planning purposes, and each of Riches Development and Richen Development transferred their entire shareholding in our Company to One Ideal Limited and Lady Jing Limited, respectively. The entities are controlled by the respective personal trust of Mr. Lu Bo and Ms. Lu Xiaojing.

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### COMPLIANCE WITH THE APPLICABLE PRC LAWS AND REGULATIONS

Our PRC Legal Advisers confirmed that (1) all the transfers of equity interests and increase in registered capital of our subsidiaries established in the PRC were legally and properly completed, all necessary approvals and permits have been obtained and are valid as at the Latest Practicable Date, and all procedures involved are in compliance with the applicable PRC laws and regulations; (2) the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects; and (3) the Reorganisation has complied with all applicable PRC laws and regulations in all material respects.

### PRE-[REDACTED] INVESTMENTS

Our Pre-[REDACTED] Investments consisted of investments in our Series A Preferred Shares, details of the investments are set forth below.

<b>Series A Preferred Shares Subscription</b>	
<b>Date of agreements</b>	20 April 2021 <sup>(2)</sup> and 13 May 2021 <sup>(3)</sup>
<b>Date on which the investment was fully and irrevocably settled by the Pre-[REDACTED] Investors</b>	28 May 2021
<b>Identity of Pre-[REDACTED] Investor</b>	(i) Mr. Tang Yinsheng; (ii) Mr. Li Yijun and (iii) Mr. Li Hua <sup>(4)</sup>
<b>Total consideration paid</b>	(i) HK\$10,000,000; (ii) HK\$6,150,538 and (iii) HK\$7,500,000
<b>Total Shares held immediately prior to the [REDACTED] and the [REDACTED]</b>	(i) 4,540; (ii) 2,790; (iii) 3,410, representing approximately 3.98%, 2.44% and 2.99% of the then total issued Share capital
<b>Total Shares held upon the completion of the [REDACTED] and the [REDACTED]</b>	(i) [REDACTED]; (ii) [REDACTED]; (iii) [REDACTED], representing approximately (i) [REDACTED]%; (ii) [REDACTED]%; (iii) [REDACTED] <sup>(4)</sup> of the total issued Share capital
<b>Cost per Share paid assuming completion of the [REDACTED] and the [REDACTED]</b>	HK\$[REDACTED]
<b>Implied post-money valuation</b>	HK\$[REDACTED] <sup>(5)</sup>
<b>Discount to the [REDACTED]<sup>(1)</sup></b>	[REDACTED]%
<b>Lock up period</b>	The Pre-[REDACTED] Investors will be subject to a lock-up for a period of 6 months from the [REDACTED].

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### **Use of proceeds from the Pre-[REDACTED] Investments**

The proceeds was to be used for our Group’s business expansion, capital expenditures, general working capital and any other purposes as approved by the Board. As of the Latest Practicable date, our Company has fully utilised the proceeds.

### **Strategic benefits of the Pre-[REDACTED] Investments**

Providing our Group with additional capital to fund our operation and expansion, providing us with the knowledge, experience and connections of our Pre-[REDACTED] Investors through their diverse background, including their experiences with working with various PRC institutions and authorities.

We communicate regularly with our Pre-[REDACTED] Investors and obtained advices from their respective fields of background. Our Company has been able to leverage their connections and experiences to build local networks within Luoyang City and seek their advice during the course of our Company’s [REDACTED]. Our Directors are of the view that our Group has benefited from the financial resources provided by the Pre-[REDACTED] Investors as they consider that the Pre-[REDACTED] Investors are strategic investors who can contribute to the development of our Group through their knowledge, experience, financial resources and network. Our Directors are also of the view that through the Pre-[REDACTED] Investments, our Pre-[REDACTED] Investors have demonstrated their confidence in the operations of our Group and have expressed their recognition of the performance, strength and prospects of our Group. Please refer to the paragraph headed “Information about the Pre-[REDACTED] Investors” in this section for details of the Pre-[REDACTED] Investors’ background.

#### *Notes:*

- (1) The discount to the [REDACTED] is calculated based on the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED], and the automatic conversion of the Series A Preferred Shares into ordinary Shares (on a 1:1 basis) and [REDACTED] having been completed prior to the [REDACTED].
- (2) This is the date of the subscription agreement entered into between our Company, Mr. Tang Yinsheng and Mr. Li Yijun.
- (3) This is the date of the subscription agreement entered into between our Company and Mr. Li Hua.
- (4) Mr. Li Hua ceased to be a Shareholder after his divestment. For further details, please refer to the paragraph headed “Sale of Shares by Mr. Li Hua” in this section.
- (5) The consideration and valuation of the Pre-[REDACTED] investment was determined based on arm’s length negotiation between the parties with reference to, among others, the then net asset value of Luoyang Ruichang as at 30 September 2020 as appraised by an independent valuer in the PRC, the historical financial results of our Group as at 31 December 2020 as well as the development and prospect of the Group.

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### SALE OF SHARES BY MR. LI HUA

On 21 July 2023, Mr. Li Hua entered into a share purchase agreement with Riches Development and Richen Development (being entities controlled by our Controlling Shareholders), pursuant to which Riches Development and Richen Development agreed to each purchase from Mr. Li Hua 1,705 series A preferred shares, totaling 3,410 series A preferred shares (representing Mr. Li Hua’s entire shareholding in our Company), at an aggregate consideration of HK\$9.4 million. Upon completion of the transaction, Riches Development and Richen Development each voluntarily converted the acquired shares into ordinary shares of our Company. The consideration was determined after arm’s length negotiation with reference to Mr. Li Hua’s original investment amount plus a simple interest rate of 12% per annum. The consideration was fully settled in cash on 25 July 2023 and the transaction was completed on 27 July 2023. The divestment was made by Mr. Li Hua taking into account of his personal demand of funds for other personal ventures.

### Information about the Pre-[REDACTED] Investors

Mr. Tang Yinsheng is an executive director of an asset management company and he was introduced to our Group through Mr. Ye Hong in 2016 and further consider to invest in our Group in 2021. For further details of the relationship of Mr. Ye Hong, Mr. Lu Bo and our Group, please refer to section headed “Financial Information — Description of Selected Items of the Consolidated Statements of Financial Positions — Prepayments, other receivables and other assets”. Mr. Tang Yinsheng holds a master’s degree in business administration. He is an experienced professional with over 15 years of experience in the merger and acquisition transactions and over 13 years of investment experience in the field of environmental protection industry. As confirmed by Mr. Tang Yinsheng, he performed due diligence on business operations and financial information of our Group before his investment, and he holds positive view in the growth of this industry and the outlook of the Company. We consider that leveraging his experience, Mr. Tang Yinsheng will bring valuable experience in corporate and financial transactions to our Company.

Mr. Li Yijun is an entrepreneur operating in Luoyang city where a substantial portion of our operation is based. Mr. Li Yijun has over 17 years of business and investment experience in a wide range of industries, such as science and technology, telecommunications and the real estate industry, in the PRC. Mr. Li Yijun was introduced to Mr. Lu Bo, our Controlling Shareholder in around 2020 through an acquaintance in the banking industry. Based on his knowledge in industry and reputation of our Group in Luoyang city, he considered that our Group was competitive and will generate positive investment return. We consider that the investment from Mr. Li Yijun will broaden our Group’s industrial network within Luoyang city and bring business opportunities.

Mr. Tang Yinsheng and Mr. Li Yijun are individual investors and each of them is an Independent Third Party. To the best knowledge of our Directors after making reasonable enquiries, other than the Pre-[REDACTED] Investments disclosed above, there are no past or present relationship, transaction or arrangement between each of the Pre-[REDACTED] Investor and our Group, our Shareholders, our Directors or senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date.

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### Special Rights of the Pre-[REDACTED] Investors

The Pre-[REDACTED] Investors investing in our Series A Preferred Shares are granted certain customary special rights under the Share Subscription Agreements, shareholders agreement between such Pre-[REDACTED] Investors, other Shareholders and the Company (the "Shareholders' Agreement") as well as our amended and restated articles of association. Such special rights shall all be terminated upon [REDACTED], in addition, the Pre-[REDACTED] Investors' redemption right as set forth below shall automatically be terminated on the date when we submit an application for [REDACTED] and shall only be reinstated by the Shareholders if (i) the [REDACTED] does not occur within 12 months after the date of initial application for [REDACTED]; or (ii) if the Stock Exchange makes any definitive proclamation that would preclude our Company from otherwise being able to effect the [REDACTED]. The principle special rights granted to the Pre-[REDACTED] Investors are summarised below:

- (a) **Transfer Restriction.** Each party to the Shareholders' Agreement shall not transfer their interest in the Shares except in compliance with the terms of the Shareholders' Agreement.
- (b) **Right of First Refusal and Co-Sale.** If any third party propose to purchase any or all of Riches Development and Richen Development's Shares, and the proposal is pursued by Riches Development and Richen Development, notice should be given to the Company and the Pre-[REDACTED] Investors and they shall have a right to acquire such Shares in accordance with the terms of the Shareholders' Agreement.

If the Shares are not acquired by the Company or the Pre-[REDACTED] Investors, each Pre-[REDACTED] Investors who did not exercise their right of first refusal may elect to participate in the sales of their Shares (proportionate to their interest in the Company) on the same terms and conditions as Riches Development or Richen Development.

- (c) **Pre-emptive Rights.** The Pre-[REDACTED] Investors have a first refusal right to, at their election, acquire new securities issued by our Company in proportion to their shareholding for a specified period after they are notified of the proposed issuance, which for the avoidance of doubt will not cover any Shares offered as part of the [REDACTED].
- (d) **Preferred Shares Redemption Rights.** The Pre-[REDACTED] Investors are granted a right by our Company to, (i) upon the occurrence of any material breach of the Share Subscription Agreements; or (ii) when another Pre-[REDACTED] Investor request to exercise their redemption rights, request our Company to repurchase their Series A Preferred Share at an amount equivalent the consideration paid by them for the Pre-[REDACTED] Investment and an amount equal to an interest rate of 10% per annum for the period between the Series A Preferred Shares issued date and the redemption payment date.

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### Compliance with Interim Guidance and Guidance Letters

After reviewing the terms of the Pre-[REDACTED] Investments, and given that (i) our Directors confirmed that the terms of the Pre-[REDACTED] Investments were determined on one’s length basis; (ii) no special rights granted to the Pre-[REDACTED] investors will survive after the [REDACTED] in respects of the Pre-[REDACTED] Investments; and (iii) the Pre-[REDACTED] Investments were completed no less than 120 clear days before the [REDACTED], the Sole Sponsor confirms that the investments by the Pre-[REDACTED] Investors are in compliance with the Pre-[REDACTED] Investment Guidance as defined in Chapter 4.2 under the Guide for New Listing Applicants.

[REDACTED]

### PRC LEGAL COMPLIANCE

#### M&A Rules

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”), which were jointly promulgated by the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAMR, the CSRC and the SAFE on 8 August 2006, came into effect on 8 September 2006 and subsequently amended on 22 June 2009, require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Article 11 of the M&A Rules stipulates that an offshore special purpose vehicle established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval from the MOFCOM prior to the acquisition of any domestic enterprise related to such company, enterprise or natural person. The M&A Rules, amongst others, also require that an offshore special purpose vehicle, or a SPV, formed for overseas listing purposes and through purchasing shares or equity interest in PRC domestic companies in exchange for the shares of offshore companies, and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such SPV’s securities on an overseas stock exchange.

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The Manual of Guidance on Administration for Foreign Investment Access (2008 Edition) (《外商投資准入管理指引手冊(2008年版)》) (the “**Manual**”), which was promulgated by the Foreign Investment Administration of the Ministry of Commerce, came into effect on 18 December 2018. The Manual stipulates that the transfer of equity of a Chinese party in an established foreign-invested enterprise to a foreign party shall not refer to the M&A Rules. No matter whether there is any associated relationship between the Chinese party and foreign party, and no matter whether the foreign party is the original shareholders or new investors. The target company of merger and acquisition shall include domestic capital enterprise only.

As advised by our PRC Legal Adviser, the proposed [REDACTED] is not subject to approval from the MOFCOM under the M&A Rules and our [REDACTED] on the Stock Exchange is not subject to a prior approval from the CSRC under the M&A Rules.

### **Circular 37**

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular 37**”) on 14 July 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE on 21 October 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle”. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or other material event.

On 13 February 2015, SAFE released the Notice on Further Simplifying the Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular 13**”), which became effective from 1 June 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37.

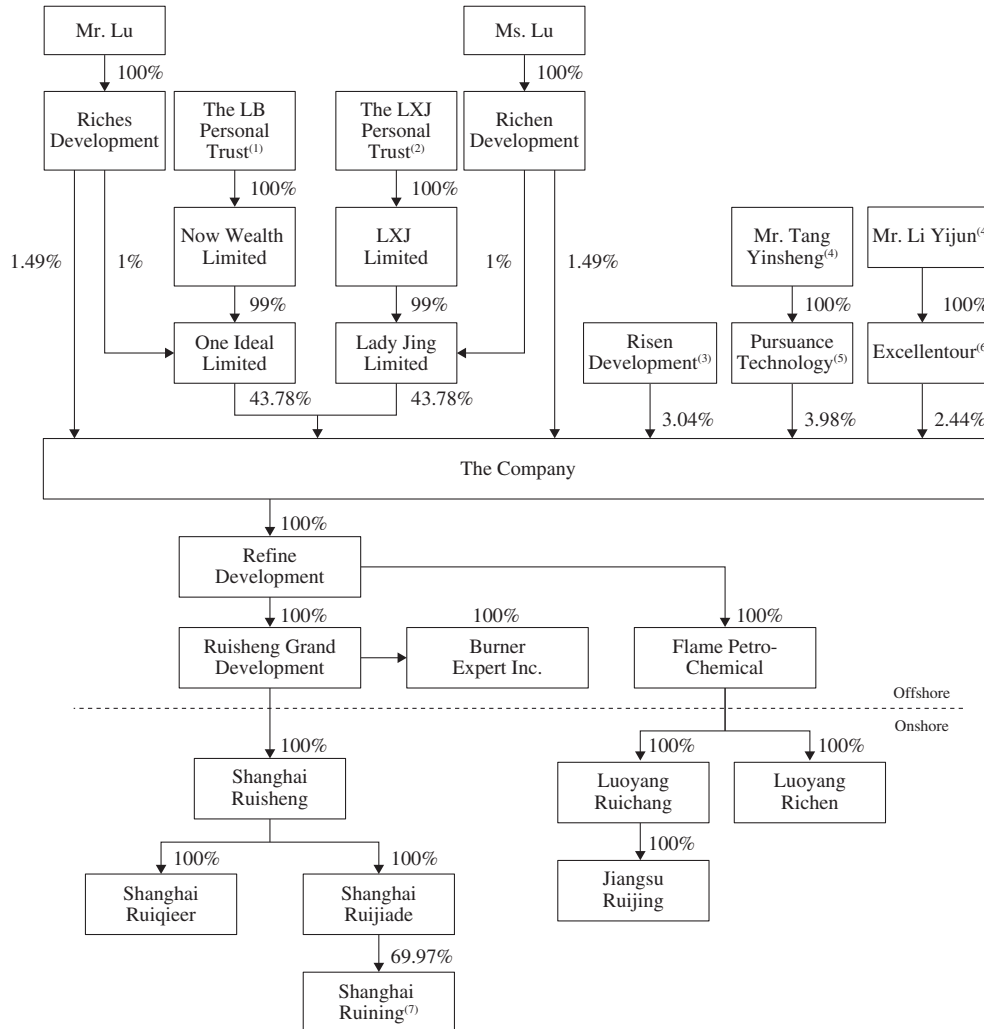
As advised by our PRC Legal Adviser, each of Mr. Lu Bo and Ms. Lu Xiaojing has completed the relevant registration under SAFE Circular 37 on 26 April 2020 and each of the Pre-[REDACTED] Investors, has completed the respective registration under SAFE Circular 37 as at the Latest Practicable Date.

Our PRC Legal Adviser have confirmed that all relevant material registrations, approvals and permits required under PRC laws and regulations in relation to the establishment, increases of registered capital, equity transfers and reorganisation in respect of the PRC subsidiaries of our Group as described above have been completed and obtained.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the [REDACTED] and the [REDACTED]:



*Notes:*

1. The LB Personal Trust is a family trust to which Mr. Lu Bo is its settlor, trust protector and beneficiary, and he is able to exercise control over the family trust.
2. The LXJ Personal Trust is a family trust to which Ms. Lu Xiaojing is its settlor, trust protector and beneficiary, and she is able to exercise control over the family trust.
3. Risen Development was established as an employee shareholding vehicle and is directly owned by Shanghai Ruiji, which is in turn owned by 31 employees and former employees of our Group, including our executive Directors Mr. Shao Song and Ms. Wu Rui as to 10.17% and 0.95%, respectively as of the Latest Practicable Date.
4. For details of the Pre-[REDACTED] Investors, please refer to the paragraph headed “Pre-[REDACTED] Investments” in this section.

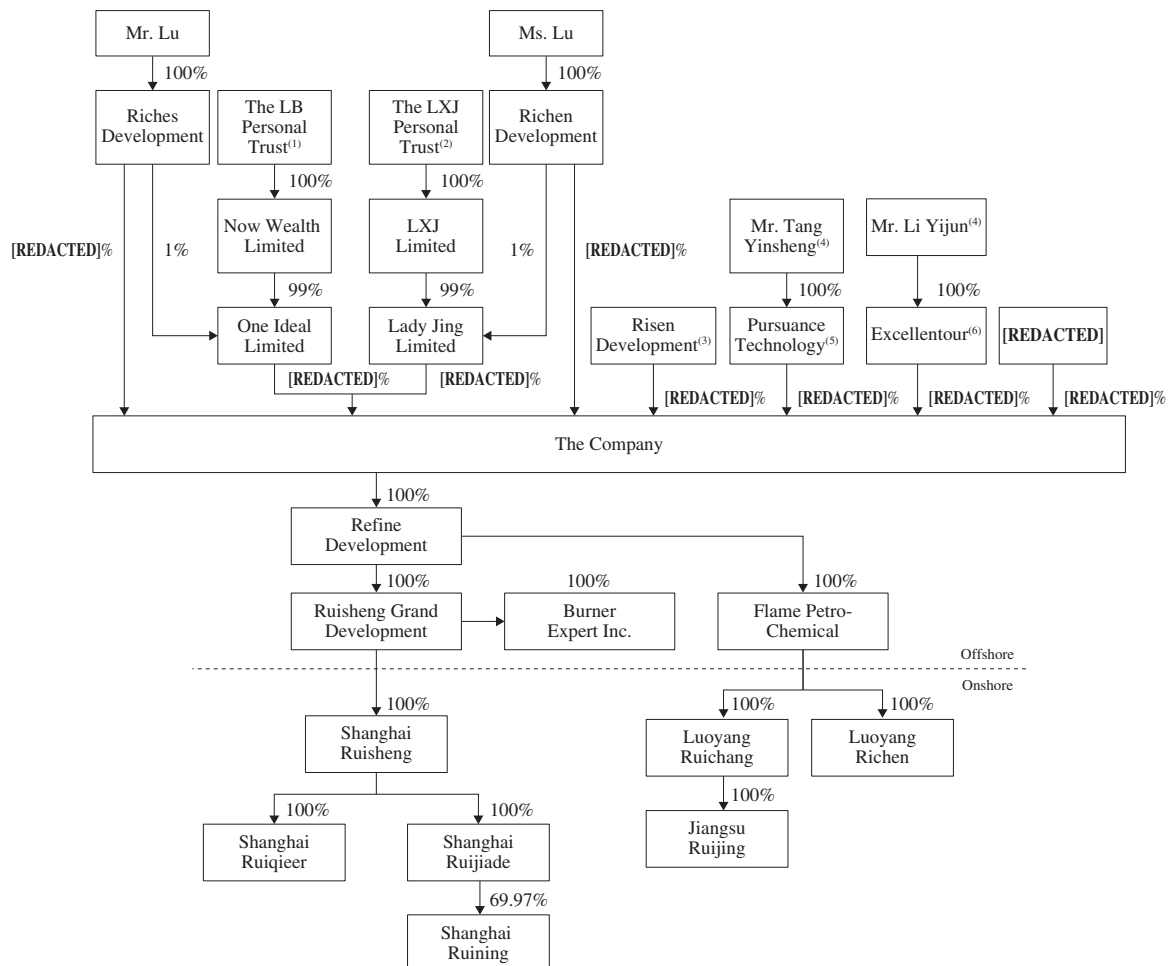


## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

5. On 8 August 2023, Mr. Tang Yinsheng transferred his entire holding in our Company to Pursuance Technology Limited (“**Pursuance Technology**”), a company incorporated in the BVI which was and has remained as wholly-owned by Mr. Tang Yinsheng.
6. On 4 September 2023, Mr. Li Yijun transferred his entire holding in our Company to Excellentour Holding Limited (“**Excellentour**”), a company incorporated in the BVI which was and has remained as wholly-owned by Mr. Li Yijun.
7. Shanghai Ninghua Supply Chain Management Co., Ltd. (上海寧華供應鏈管理有限公司), an Independent Third Party, is the 30.03% minority equity interest holder of Shanghai Ruining.

### OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED]):



*Note:* Please refer to the notes to “Our Structure Immediately Prior to the [REDACTED]” in this section.