
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are an integrated green home service provider and a pioneer in advocating and advancing green and healthy living environments. Our history can be traced back to 1995 when our principal operating entity Shenghua Yunfeng was established in the PRC. Our Group’s continued and growing success was predominantly contributed by the efforts of the management team under the leadership of Mr. Xia, our founder and Controlling Shareholder, who has over 30 years corporate management and investment experience.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
1995	We established Shenghua Yunfeng.
1997	We launched our own brand “Moganshan”.
2000	We successfully developed an eco-friendly decorative veneered plywood.
2001	Moganshan eco-friendly micro-veneer decorative panel became the first product in China’s veneer panel industry to receive the China Environmental Labeling (Green Label) certification, and it was awarded the title of “Zhejiang Provincial Famous Brand Product”. Our products obtained the China Environmental Labeling Product Certification for Home Decoration Eco Package.
2005	Moganshan veneered plywood and blockboard were recognized as National Exempt-from-Inspection Products (國家免檢產品).
2007	Moganshan blockboard was recognized by the General Administration of Quality Supervision, Inspection and Quarantine as a “China Top Brand (中國名牌產品)” and also awarded “National High-Quality Brand for Building Decoration Materials”.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Milestone
2011	<p>Moganshan was recognized by the State Administration for Industry and Commerce as a “China Well-Known Trademark (中國馳名商標)”, marking its emergence as a highly influential domestic brand.</p> <p>We obtained China Environmental Labeling Product Certification and FSC Certification.</p>
2012	<p>Moganshan received the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) certificate, becoming the first enterprise in China’s wood industry to be jointly validated by the U.S. Customs and Border Protection and the U.S. Department of Homeland Security for this green channel entry certification.</p>
2014	<p>We began developing whole-home custom furnishing, marking our advancement toward becoming a multi-category product provider.</p>
2015	<p>Moganshan was featured in CCTV’s Discovery Journey program “Quality”.</p>
2017	<p>Upon joint recognition by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Economic and Information Commission, and the Zhejiang Provincial Development and Reform Commission, we established a “Provincial Enterprise Research Institute” in Zhejiang.</p>
2018	<p>We established the “Zhejiang Postdoctoral Workstation” and the “Zhejiang Academician and Expert Workstation”.</p>
2019	<p>We were awarded as a “National Green Supply Chain Demonstration Enterprise”, completing the trio of national certifications for “Green Products” “Green Factory” and “Green Supply Chain”.</p> <p>We were honored as a founding unit of the “National Innovation Alliance for Aldehyde-Free Wood-Based Panels”, recognizing our contributions to aldehyde-free green panels and our role in standardizing the market and advancing widespread application of eco-friendly panels.</p>
2020	<p>Moganshan again received the “China National Brand in Panel Products” at the annual meeting of the China Timber & Wood Products Distribution Association and the 7th Council’s fifth session.</p>
2022	<p>We were approved to establish a national-level “Postdoctoral Research Workstation”.</p>

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Milestone
2023	In response to China’s dual-carbon goals, we released the <i>Dual-Carbon Strategic Action Guidelines</i> in 2023, clearly defining our decarbonization pathways and phased targets, and committing to the early achievement of key emissions-reduction objectives.
2024	We received the Liang Xi Forestry Science and Technology Award (First Prize for Technological Invention), the highest science and technology award in the forestry industry in China, established by the Chinese Forestry Society (中國林學會) and approved by the Ministry of Science and Technology of China (中國科技部), and the Guangxi Science and Technology Progress Award (Second Prize). We received the First Prize of the Heilongjiang Provincial Science and Technology Invention Award (黑龍江省科學技術發明獎一等獎). We received the First Prize of the Liangxi Forestry Science and Technology Invention Award (梁希林業科學技術發明獎一等獎).
2025	We received the First Prize of the 25th Zhejiang Forestry Science and Technology Award (浙江省第二十五屆科技興林獎一等獎).

OUR GROUP

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on September 17, 2025. For more information and subsequent shareholding changes of our Company, see “— Reorganization — Part 1: Offshore Reorganization” in this section below.

Our Major Subsidiaries

Set out below are the major subsidiaries that made material contributions to our results of operations during the Track Record Period.

Name	Date of establishment and commencement of business	Place of establishment	Equity interest attributable to our Group	Principal business activities
Shenghua Yunfeng	December 11, 1995	PRC	100%	R&D, production and sales of board
Moganshan Marketing	March 6, 2008	PRC	100%	Sales of board

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name	Date of establishment and commencement of business	Place of establishment	Equity interest attributable to our Group	Principal business activities
Moganshan Furniture	November 7, 2014	PRC	100%	R&D, production and sales of customized home furnishing products
Moganshan Flooring	July 23, 2001	PRC	100%	R&D, production and sales of flooring
Moganshan Decoration	December 1, 1998	PRC	100%	R&D, production and sales of engineered veneer
Feixian Yunfeng	October 10, 2013	PRC	100%	R&D, production and sales of board
Shandong Yunfeng	December 8, 2020	PRC	100%	R&D, production and sales of customized home furnishing products

For details of the principal activities of other subsidiaries of our Group, see Note 1 to the Accountants’ Report as set out in Appendix I to this document.

MAJOR SHAREHOLDING CHANGES AND CORPORATE DEVELOPMENTS

Early Development

Our history can be traced back to 1995 when our principal operating entity Shenghua Yunfeng was established as a limited liability company in the PRC on December 11, 1995 with an initial registered capital of US\$800,000. Upon establishment, Shenghua Yunfeng was owned by Zhejiang Huzhou Yunfeng Decoration Materials Co., Ltd. (浙江湖州雲峰裝飾材料有限公司) as to 75.0%, an Independent Third Party and Shenghua Group as to 25.0%, the predecessor of Shenghua Holdings which is controlled by Mr. Xia.

From April 1998 to July 2000, Shenghua Yunfeng underwent a series of equity transfers, upon completion of which, Shenghua Yunfeng was controlled as to 55.0% by Shenghua Group and held as to 45.0% by other minority shareholders.

On October 8, 2000, Shenghua Yunfeng was converted from a limited liability company into a joint stock limited company, with its then net assets value of RMB32,000,000 converted to 32,000,000 Shares with a par value of RMB1.00 each.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shareholding Changes from November 2001 to November 2012

From November 2001 to November 2012, Shenghua Yunfeng underwent several rounds of share transfers and capital increase, the considerations of which were determined based on arm’s length negotiations among the shareholders with reference to the development status of the Group.

Xinfeng Investment was established during this period as a shareholding entity of Shenghua Yunfeng’s then employees and other individual shareholders and acquired certain shares of Shenghua Yunfeng. Following the share transfers and capital increase, the registered share capital Shenghua Yunfeng increased from RMB32,000,000 to RMB44,000,000, which was held by (i) Shenghua Group as to 60.60%; (ii) Xinfeng Investment as to 21.34%; (iii) Mr. Gu Shuixiang (顧水祥) (“**Mr. Gu**”), the former director and chairman of the board of directors of Shenghua Yunfeng and retired in August 2024, as to 16.50%; and (iv) other then minority shareholder as to 1.56%.

Shareholding Changes from December 2016 to April 2021

In December 2016, pursuant to a Shareholders’ resolution and share transfer agreement, Shenghua Group transferred its entire 60.60% equity interests in Shenghua Yunfeng to Shenghua Holdings, a company controlled by Mr. Xia, at a consideration of RMB146,117,857. The consideration was determined based on arm’s length negotiations among the shareholders with reference to the appraised value of the then shareholders’ equity of Shenghua Yunfeng conducted by an Independent Third Party valuer.

From December 2017 to October 2018, Shenghua Yunfeng underwent the share inheritance and capital increase, upon completion, the registered share capital of Shenghua Yunfeng increased from RMB44,000,000 to RMB88,000,000, which was held by (i) Shenghua Holdings as to 60.60%; (ii) Xinfeng Investment as to 21.34%; (iii) Mr. Gu as to 11.00%; and (iv) other then minority shareholder as to 7.06%.

In December 2018, Runfeng Investment was established as a shareholding entity of Shenghua Yunfeng’s then employees and subscribed for 7,000,000 Shares at a consideration of RMB25,200,000.

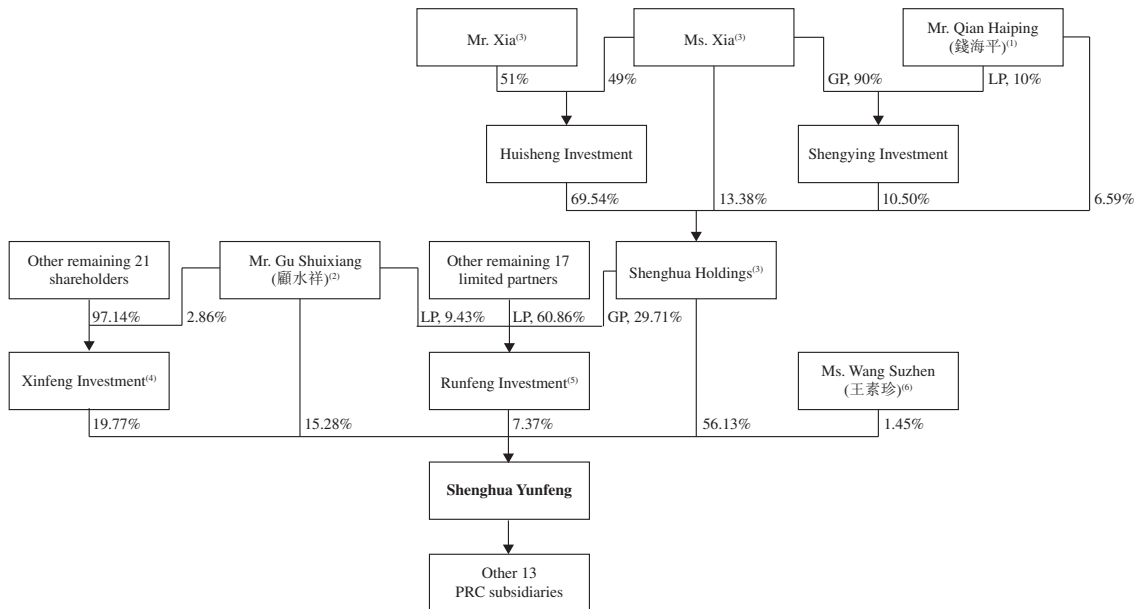
Following the capital increase and after the termination of all the shareholding nominee arrangements in April 2021, the registered share capital of Shenghua Yunfeng increased from RMB88,000,000 to RMB95,000,000, which was held by (i) Shenghua Holdings as to 56.13%; (ii) Xinfeng Investment as to 19.77%; (iii) Mr. Gu as to 15.29%; (iv) Runfeng Investment as to 7.37%; and (v) other then minority shareholder as to 1.45%.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

Group structure before Reorganization

The following chart illustrates a simplified shareholding structure of our Group immediately before the Reorganization.



Notes:

- (1) Mr. Qian Haiping (錢海平) is the nephew of Mr. Xia’s spouse.
- (2) Mr. Gu was the former director and chairman of the board of directors of Shenghua Yunfeng and retired in August 2024. Save for being a substantial shareholder of our Company, Mr. Gu is an Independent Third Party.
- (3) Ms. Xia is the daughter of Mr. Xia and Ms. Qian Xiaomei (錢小妹) (“**Ms. Qian**”) (the spouse of Mr. Xia, together with Ms. Qian and Ms. Xia, as the “**Xia Family**”). For the purpose of family wealth management and business succession of the Xia Family, from July 2025 to August 2025 and before the Reorganization, Shenghua Holdings underwent a series of share transfers: (i) Mr. Xia transferred (a) his entire 12.16% direct equity interest in Shenghua Holdings, (b) his 24.0% equity interest in Huisheng Investment (i.e. the 69.54% direct shareholder of Shenghua Holdings) and (c) his entire 80.0% partnership interest in Shengying Investment (i.e. the 10.50% direct shareholder of Shenghua Holdings) to Ms. Xia, and Ms. Xia also assumed the role of sole general partner of Shengying Investment in replacement of Mr. Xia; (ii) Ms. Qian transferred (a) her entire 25.0% equity interest in Huisheng Investment and (b) her entire 10.0% partnership interest in Shengying Investment to Ms. Xia; and (iii) other two individual shareholders, both are Independent Third Parties, transferred their entire 1.22% direct equity interest in Shenghua Holdings to Ms. Xia, the consideration of which was determined based on arm’s length negotiations with reference to the appraised value of the net assets of Shenghua Holdings conducted by an Independent Third Party valuer.
- (4) Immediately before the Reorganization, Xinfeng Investment was held by 22 individual shareholders, among which, (i) as to approximately 14.06% by Mr. Shen Weiwen (沈衛文), the brother-in-law of Mr. Gu; (ii) as to approximately 11.25% by Mr. Zhao Jianzhong (趙建忠), our executive Director and general manager; (iii) as to approximately 4.02% by Mr. Tang Yuanming (唐遠明), our executive Director and vice general manager; (iv) as to approximately 2.86% by Mr. Gu; and (v) other remaining 18 shareholders, who are our employees and former employees who are Independent Third Parties.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (5) Immediately before the Reorganization, Runfeng Investment has 19 partners. The general partner of Runfeng Investment is Shenghua Holdings, holding approximately 29.71% partnership interest therein. The 18 limited partners of Runfeng Investment are, (i) Mr. Gu, holds approximately 9.43% partnership interest therein; (ii) Mr. Chen Jian (陳劍), our executive Director, chief financial officer and secretary of the Board, holds approximately 8.14% partnership interest therein; (iii) Mr. Zhao Zhongqing (趙忠慶), the director and general manager of Moganshan Decoration, holds approximately 8.14% partnership interest therein; (iv) Mr. Zhao Jianzhong, holds approximately 6.71% partnership interest therein; (v) Mr. Liang Qi (梁琦), the director and general manager of Shandong Yunfeng and Feixian Yunfeng, holds approximately 2.71% partnership interest therein; and (vi) other 13 remaining limited partners, who are our employees and former employees who are Independent Third Parties.
- (6) As of the Latest Practicable Date, Ms. Wang Suzhen (王素珍) was an Independent Third Party. Ms. Wang also holds approximately 2.06% equity interest in Xinfeng Investment.

Reorganization

In preparation for the [REDACTED], we undertook the following Reorganization whereby our Company became the holding company of our Group.

Part 1: Offshore Reorganization

Step 1.1: Incorporation of BVI shareholding vehicles

The following entities were incorporated in the BVI as shareholding vehicles, the Shares held by which reflect the respective equity interests in Shenghua Yunfeng held by the relevant shareholders directly or indirectly.

<u>Name of the BVI shareholding vehicle</u>	<u>Date of incorporation</u>	<u>Shareholders of the BVI shareholding vehicle</u>	<u>Equity Interests</u>
Ascendia Emerald Limited	September 9, 2025	Ascendia Sapphire Limited ⁽¹⁾ Ascendia Ruby Limited ⁽¹⁾	38.3955% 61.6045%
Ascendia Onyx Limited	September 5, 2025	Mr. Qian Haiping	100%
Yufeng Onyx Limited	September 5, 2025	Mr. Gu Shuixiang	100%
Xinfeng Onyx Limited ⁽²⁾⁽³⁾	September 5, 2025	Note (3)	Note (3)
Runfeng Onyx Limited ⁽²⁾⁽⁴⁾	September 5, 2025	Note (4)	Note (4)
Zefeng Onyx Limited ⁽²⁾⁽⁵⁾	September 5, 2025	Note (5)	Note (5)
Peifeng Onyx Limited ⁽²⁾⁽⁶⁾	September 5, 2025	Note (6)	Note (6)
Qinfeng Onyx Limited ⁽²⁾⁽⁷⁾	September 5, 2025	Note (7)	Note (7)
Yongfeng Onyx Limited ⁽²⁾⁽⁸⁾	September 5, 2025	Note (8)	Note (8)

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) Each of Ascendia Sapphire Limited and Ascendia Ruby Limited was incorporated in the BVI on August 26, 2025 and wholly owned by Mr. Xia and Ms. Xia, respectively.

Upon incorporation, Ascendia Emerald Limited was held as to approximately 38.40% by Ascendia Sapphire Limited and 61.60% by Ascendia Ruby Limited. Pursuant to a voting rights entrustment agreement dated September 12, 2025, Ascendia Ruby Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by it in Ascendia Emerald Limited to Ascendia Sapphire Limited, while Ascendia Ruby Limited retains economic and disposal rights to the shares therein. By virtue of the voting rights entrustment agreement, Ascendia Sapphire Limited will control the exercise of the entire 100% voting right at Ascendia Emerald Limited.

- (2) As of the Latest Practicable Date, each of such BVI entities was controlled by a designed manager who was entrusted voting rights of the respective BVI entities.

- (3) As of the Latest Practicable Date, Xinfeng Onyx Limited was owned by seven individuals, with Mr. Chen Jian, our executive Director, chief financial officer and secretary of the Board, acting as the designated manager. Pursuant to a voting rights entrustment agreement dated October 30, 2025, the other six individual shareholders of Xinfeng Onyx Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by them in Xinfeng Onyx Limited to Mr. Chen Jian, while the other shareholders retain economic and disposal rights to their respective shares therein. By virtue of the voting rights entrustment agreement, Mr. Chen Jian will control the exercise of the entire 100% voting right at Xinfeng Onyx Limited. Other six individual shareholders of Xinfeng Onyx Limited are (i) Mr. Zhao Jianzhong, our executive Director and general manager, holding 47.09% interests therein; (ii) Mr. Tang Yuanming, our executive Director and vice general manager, holding 13.77% interests therein; (iii) Mr. Zhao Zhongqing, the director and general manager of Moganshan Decoration, holding 10.39% interests therein; (iv) Mr. Liang Qi, the director and general manager of Shandong Yunfeng and Feixian Yunfeng, holding 3.46% interests therein; and (v) other two individuals who are senior management of the Group’s subsidiaries, each holding less than 30.0% interests therein, and are Independent Third Party individual shareholders.

- (4) As of the Latest Practicable Date, Runfeng Onyx Limited was owned by 12 individuals, with Mr. Shen Shaoli (沈少力), our employee and an Independent Third Party, acting as the designated manager. Pursuant to a voting rights entrustment agreement dated October 30, 2025, the other 11 individual shareholders of Runfeng Onyx Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by them in Runfeng Onyx Limited to Mr. Shen Shaoli, while the other shareholders retain economic and disposal rights to their respective shares therein. By virtue of the voting rights entrustment agreement, Mr. Shen Shaoli will control the exercise of the entire 100% voting right at Runfeng Onyx Limited. Other 11 individual shareholders are employees of the Group and are Independent Third Parties.

- (5) As of the Latest Practicable Date, Zefeng Onyx Limited was owned by five individuals, with Mr. Shen Yunfang (沈雲芳), our employee and an Independent Third Party, acting as the designated manager. Pursuant to a voting rights entrustment agreement dated October 30, 2025, the other four individual shareholders of Zefeng Onyx Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by them in Zefeng Onyx Limited to Mr. Shen Yunfang, while the other shareholders retain economic and disposal rights to their respective shares therein. By virtue of the voting rights entrustment agreement, Mr. Shen Yunfang will control the exercise of the entire 100% voting right at Zefeng Onyx Limited. Other four individual shareholders are employees or former employees of the Group and are Independent Third Parties.

- (6) As of the Latest Practicable Date, Peifeng Onyx Limited was owned by four individuals, with Mr. Ye Bin (葉斌), the son-in-law of Mr. Gu’s sister and an Independent Third Party, acting as the designated manager. Pursuant to a voting rights entrustment agreement dated October 30, 2025, the other three individual shareholders of Peifeng Onyx Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by them in Peifeng Onyx Limited to Mr. Ye Bin, while the other shareholders retain economic and disposal rights to their respective shares therein. By virtue of the voting rights entrustment agreement, Mr. Ye Bin will control the exercise of the entire 100% voting right at Peifeng Onyx Limited. Other three individuals are (i) Mr. Shen Weiwen, the brother-in-law of Mr. Gu’s spouse; (ii) Mr. Shen Weimin (沈衛民), the brother of Mr. Shen Weiwen; and (iii) a former employee of the Group who is an Independent Third Party individual shareholder.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (7) As of the Latest Practicable Date, Qinfeng Onyx Limited was owned by four individuals, with Mr. Yao Yuliang (姚玉良), our employee and an Independent Third Party, acting as the designated manager. Pursuant to a voting rights entrustment agreement dated October 30, 2025, the other three individual shareholders of Qinfeng Onyx Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by them in Qinfeng Onyx Limited to Mr. Yao Yuliang, while the other shareholders retain economic and disposal rights to their respective shares therein. By virtue of the voting rights entrustment agreement, Mr. Yao Yuliang will control the exercise of the entire 100% voting right at Qinfeng Onyx Limited. Other three individual shareholders are former employees of the Group and Independent Third Parties.
- (8) As of the Latest Practicable Date, Yongfeng Onyx Limited was owned by five individuals, with Ms. Lv Miaoyue (吕妙月), our former employee and an Independent Third Party, acting as the designated manager. Pursuant to a voting rights entrustment agreement dated October 30, 2025, the other four individual shareholders of Yongfeng Onyx Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by them in Yongfeng Onyx Limited to Ms. Lv Miaoyue, while the other shareholders retain economic and disposal rights to their respective shares therein. By virtue of the voting rights entrustment agreement, Ms. Lv Miaoyue will control the exercise of the entire 100% voting right at Yongfeng Onyx Limited. Other four individual shareholders are former employees of the Group and Independent Third Parties.

Step 1.2: Incorporation of our Company and allotment and issuance of Shares to BVI shareholding vehicles

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on September 17, 2025 with an authorized share capital of US\$50,000 divided into 1,000,000,000 ordinary shares with a par value of US\$0.00005 each. On the date of incorporation, our Company issued one share to an Independent Third Party and then transferred to Ascendia Emerald Limited, a company controlled by Mr. Xia, at par value.

In order to reflect the equity interests in Shenghua Yunfeng prior to the Reorganization, on September 17, 2025, 2,693,469 Shares, 222,740 Shares, 827,250 Shares, 288,615 Shares, 175,095 Shares, 202,495 Shares, 192,950 Shares, 204,160 Shares and 193,225 Shares were allotted and issued to Ascendia Emerald Limited, Ascendia Onyx Limited, Yufeng Onyx Limited, Xinfeng Onyx Limited, Runfeng Onyx Limited, Zefeng Onyx Limited, Peifeng Onyx Limited, Qinfeng Onyx Limited, and Yongfeng Onyx Limited, respectively, at par value.

Upon the completion of the aforementioned share allotment and issuance, each of the individual shareholders' proportion of shareholdings in our Company, directly or indirectly through the BVI shareholding vehicles, became identical to that of Shenghua Yunfeng immediately before the Reorganization.

Step 1.3: Incorporation of Hong Kong intermediary holding entity

On October 9, 2025, MGS HK was incorporated as a limited liability company in Hong Kong with an authorized share capital of HK\$1.0 divided into one share with par value of HK\$1.0. On the same day, one share of MGS HK Limited was allotted and issued to our Company at par value.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 1.4: Establishment of offshore family trust and voting power entrustment arrangement

On October 14, 2025, Ascendia Group Trust was established in the Cayman Islands by Mr. Xia, in the capacity as the sole settlor, with Maples Trustee Services (Cayman) Limited as the trustee (the “**Mr. Xia’s Family Trust**”). Mr. Xia’s Family Trust is a discretionary trust and the beneficiary of which is Ascendia Ruby Limited (Ms. Xia’s wholly-owned shareholding vehicle). Mr. Xia also serves as the sole protector of Mr. Xia’s Family Trust, and is entitled to exercise certain major powers, including but not limited to, addition and removal of beneficiaries, approval of trust distributions and investments, transfer of trust assets, change of the governing law of the trust deed, amendments to the trust deed, appointment and removal of trustee(s), and the trustee is required to obtain Mr. Xia’s written consent before exercising its powers (the “**Trust Arrangement**”).

Both of Ascendia Pearl Limited and Ascendia Amber Limited were incorporated under the laws of the BVI with limited liability on October 16, 2025. Ascendia Pearl Limited is wholly owned by Ascendia Amber Limited and in turn wholly owned by Mr. Xia’s Family Trust. Mr. Xia also serves as the sole director of Ascendia Pearl Limited. On September 9, 2025, Ascendia Emerald Limited allotted and issued 38.3955 shares and 61.6045 shares to Ascendia Sapphire Limited and Ascendia Ruby Limited, respectively, at par value. On January 1, 2026, Ascendia Emerald Limited allotted and issued 9,900 shares to Ascendia Pearl Limited at par value. Upon completion, Ascendia Emerald Limited was held by Ascendia Pearl Limited as to 99.0%, Ascendia Sapphire Limited as to 0.38%, and Ascendia Ruby Limited as to 0.62%. Pursuant to a voting rights entrustment agreement dated September 12, 2025, Ascendia Ruby Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by it in Ascendia Emerald Limited to Ascendia Sapphire Limited, while Ascendia Ruby Limited retains economic and disposal rights to the shares therein (the “**Voting Arrangement**”).

By virtue of the Trust Arrangement and the Voting Arrangement, Mr. Xia controls the exercise of the entire 100% voting right at Ascendia Emerald Limited.

Part 2: Onshore Reorganization

Step 2.1: Establishment of WFOE

On November 18, 2025, Huzhou Shenghua Yunfeng Smart Home Furnishings Co., Ltd. (湖州升華雲峰智享家居有限公司) (the “**WFOE**”) was established as a limited liability company in the PRC as a direct wholly owned subsidiary of MGS HK with a registered capital of RMB100,000, which was fully subscribed for by MGS HK on the same day.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 2.2: Acquisition of Shenghua Yunfeng by WFOE

Pursuant to the share transfer agreements entered into between Shenghua Yunfeng, WFOE and each of the then existing five shareholders of Shenghua Yunfeng, namely, Shenghua Holdings, Xinfeng Investment, Runfeng Investment, Mr. Gu Shuixiang (顧水祥) and Ms. Wang Suzhen (王素珍) dated January 8, 2026, WFOE acquired the 100% equity interests of Shenghua Yunfeng held by the then existing five shareholders, amounting to RMB95,000,000 registered share capital of Shenghua Yunfeng, at a consideration of RMB397,000,000 which was determined based on arm’s length negotiations among the shareholders with reference to the appraised value of the net assets of Shenghua Yunfeng, conducted by an Independent Third Party valuer. Upon completion of the share transfers on January 13, 2026, Shenghua Yunfeng became a wholly owned subsidiary of WFOE and thus an indirect wholly owned subsidiary of our Company. A total consideration of RMB277,000,000 with respect to the aforementioned share transfer remained outstanding and we expect to settle such consideration within three months after the date of the share transfer agreement, i.e., on or before April 7, 2026.

For details of our corporate structure after the completion of the Reorganization, please refer to “— Our Shareholding and Corporate Structure — Immediately Prior to the [REDACTED]” in this section below.

CAPITALIZATION ISSUE

On January 6, 2026, our Company allotted and issued a total of 145,000,000 Shares credited as fully paid at par to the holders of Shares whose names appear on the register of members of our Company in proportion to their existing respective shareholdings in our Company (on the basis that no holder of Shares shall be entitled to be allotted or issued any fraction of a Share) by capitalizing the relevant sum from the share premium account of our Company. The Shares allotted and issued pursuant to the capitalization issue will rank *pari passu* in all respects with the existing issued Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals that we consider significant to us.

A-SHARE LISTING ATTEMPT

In September 2021, we believed that a listing on the main board of the Shanghai Stock Exchange would bring Shenghua Yunfeng (i) funds for the future business expansion, (ii) more financing opportunities to optimize the capital structure, and (iii) enhancement of the brand awareness, and therefore engaged Dongxing Securities Co., Ltd. (東興證券股份有限公司) as its sponsor and submitted the A-share listing application to the CSRC in September 2021. Due to the regulatory reform regarding the implementation of the registration-based listing regime under the Measures for the Administration of Registration of Initial Public Offerings of Stocks (首次公開發行股票註冊管理辦法) in February 2023, Shenghua Yunfeng resubmitted its A-share listing application to the Shanghai Stock Exchange in March 2023 (the “A-Share

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Listing Attempt”). Considering the listing of Shenghua Yunfeng’s shares on the Shanghai Stock Exchange could not align with its business development and strategic plan, Shenghua Yunfeng voluntarily withdrew its A-share listing application on March 18, 2025.

On March 21, 2025, the Shanghai Stock Exchange issued a regulatory warning to Shenghua Yunfeng and two of its directors, for details, please refer to “Directors and Senior Management” in this document. As advised by our PRC Legal Advisors, the regulatory warning is self-supervisory measure implemented by the Shanghai Stock Exchange; it does not constitute administrative penalty and is not regarded as a material non-compliance. Our Directors confirm that Shenghua Yunfeng’s withdrawal of the A-share listing application was not related to the aforesaid incident.

To the best knowledge of our Directors, save as disclosed above, our Directors are not aware of any other matter in relation to the A-Share Listing Attempt which may materially and adversely affect the Company’s suitability for [REDACTED] that should be brought to the attention of the Stock Exchange or potential [REDACTED] of the [REDACTED]. Based on the due diligence performed by the Sole Sponsor and the information and representation given to the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cast doubts on the Directors’ views set out above.

Reasons for Seeking [REDACTED] on the Stock Exchange

Our Directors believe that the [REDACTED] on the Stock Exchange will be in the interest of our Group’s business development strategies, and would be beneficial to us and our Shareholders as a whole for, among other things, the following reasons:

- (1) the Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, enhance our fundraising capabilities and broaden our fundraising channels and Shareholders base as well as strengthen our corporate governance;
- (2) the [REDACTED] would give us a better platform to further develop our business, in particular our overseas business; and
- (3) the [REDACTED] will further raise our brand awareness, business profile and thus, enhance our corporate image to attract new customers, business partners and strategic investors in the PRC and abroad, as well as to recruit, motivate and retain key management personnel for our Group’s business.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Taking into account, among other things, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the Stock Exchange to be a more suitable venue to access international equity markets, and the [REDACTED] will be in the best interests of us and our Shareholders as a whole.

PUBLIC FLOAT

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shares held by certain Shareholders who are our core connected persons will not be counted towards the public float. Details of these Shareholders are set out below:

- (1) Ascendia Emerald Limited, the shareholding vehicle of Mr. Xia, our Controlling Shareholder, holding 80,804,100 Shares which represented approximately [REDACTED]% of the total issued Shares;
- (2) Yufeng Onyx Limited, the shareholding vehicle of Mr. Gu, our substantial Shareholder, holding 24,817,500 Shares, which represented approximately [REDACTED]% of the total issued Shares; and
- (3) Xinfeng Onyx Limited, the shareholding vehicle controlled by Mr. Chen Jian, our executive Director, chief financial officer and secretary of the Board, holding 8,658,450 Shares, which represented approximately [REDACTED]% of the total issued Shares.

Save as disclosed above, upon the completion of the [REDACTED], assuming the [REDACTED] is not exercised, 35,719,950 Shares held by all other existing Shareholders together with [REDACTED] Shares to be [REDACTED] pursuant to the [REDACTED], representing approximately [REDACTED]% of the total issued Shares (excluding treasury Shares) in aggregate, will be counted towards the public float for the purpose of Rule 8.08(1) of the Listing Rules, which is higher than the prescribed percentage of Shares required to be held in public hands under Rule 8.08(1) of the Listing Rules (based on the indicative [REDACTED] range), thereby satisfying the public float requirement under Rule 8.08(1) of the Listing Rules.

FREE FLOAT

Rule 8.08A of the Listing Rules requires that there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing must (i) represent at least 10% of the total number of issued Shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (ii) have an expected market value at the time of listing of not less than HK\$600,000,000.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On the basis that (i) no [REDACTED] will be allocated under the [REDACTED] to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules, (ii) all Shares to be [REDACTED] to the [REDACTED] (if any) and (iii) all Shares held by existing Shareholders are subject to lock-up undertakings and therefore are excluded for the purpose of satisfying the free float requirement (assuming the [REDACTED] is not exercised) and based on the minimum [REDACTED] of HK\$[REDACTED], the Company will satisfy the free float requirement under Rule 8.08A of the Listing Rules.

CAPITALIZATION

The shareholding structure of our Company is set forth below⁽¹⁾.

Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Ascendia Emerald Limited .	80,804,100	53.87%	80,804,100	[REDACTED]%
Ascendia Onyx Limited . . .	6,682,200	4.45%	6,682,200	[REDACTED]%
Yufeng Onyx Limited	24,817,500	16.55%	24,817,500	[REDACTED]%
Xinfeng Onyx Limited	8,658,450	5.77%	8,658,450	[REDACTED]%
Runfeng Onyx Limited	5,252,850	3.50%	5,252,850	[REDACTED]%
Zefeng Onyx Limited	6,074,850	4.05%	6,074,850	[REDACTED]%
Peifeng Onyx Limited	5,788,500	3.86%	5,788,500	[REDACTED]%
Qinfeng Onyx Limited	6,124,800	4.08%	6,124,800	[REDACTED]%
Yongfeng Onyx Limited . . .	5,796,750	3.86%	5,796,750	[REDACTED]%
Other public Shareholders . .	—	—	[REDACTED]	[REDACTED]%
Total	150,000,000	100%	[REDACTED]	100%

Notes:

- (1) The percentage figures included in this table have been subject to rounding adjustments. Therefore, figure shown as total may not be an arithmetic aggregation of the figures above.

PRC LEGAL COMPLIANCE

Our PRC Legal Advisors have confirmed that each of the incorporation and the subscription and transfer of equity interest of our PRC subsidiaries as described above in the Reorganization have substantially been legally completed and the requisite government approvals or filings in all material respects, as applicable, have been obtained in accordance with PRC laws and regulations.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

M&A Rules

Under the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity interest in a domestic non-foreign invested enterprise via an increase in registered capital of the domestic non-foreign invested enterprise, 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 non-foreign invested enterprise, or which purchases the assets of a domestic non-foreign invested enterprise and injects those assets to establish a foreign-invested enterprise. The M&A Rules 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, or a SPV, established or controlled by a PRC company or individual shall obtain approval from MOFCOM prior to the acquisition of any domestic enterprise related to such company or individual.

As advised by our PRC Legal Advisors, the onshore Reorganization of our PRC subsidiaries are not in violation with the M&A Rules and are not subject to a prior approval from the MOFCOM under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and whether the MOFCOM and other related government authorities would promulgate future PRC laws, regulations or rules contrary to the M&A Rules.

SAFE Registration

Pursuant to Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Round-trip Investment Conducted by Chinese Mainland Residents via Special-purpose Companies (《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**”), promulgated by SAFE and which became effective on July 4, 2014, (i) a PRC resident must register with the local SAFE branch in connection with their contribution of offshore assets or domestic enterprises’ equity interests in an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting overseas investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties. In addition, the PRC subsidiaries of that Overseas SPV may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

activities, and the Overseas SPV and its offshore subsidiary may be restricted in their ability to contribute additional capital to their PRC subsidiaries. Pursuant to the ODI Rules, a domestic institution shall undergo the procedure of overseas direct investment registration for foreign investment in accordance with the provisions of the ODI Rules, which require the domestic institution to register with the local SAFE prior to its overseas direct investment and handle the overseas direct investment registration, modification or filing formalities for any major change of its overseas direct investment.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (“**SAFE Circular 13**”), promulgated by SAFE and effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to qualified banks.

As advised by our PRC Legal Advisors, a total of 41 PRC residents, including our Controlling Shareholder, Mr. Xia, have completed the required initial registration under SAFE Circular 37 and SAFE Circular 13 in October 2025.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

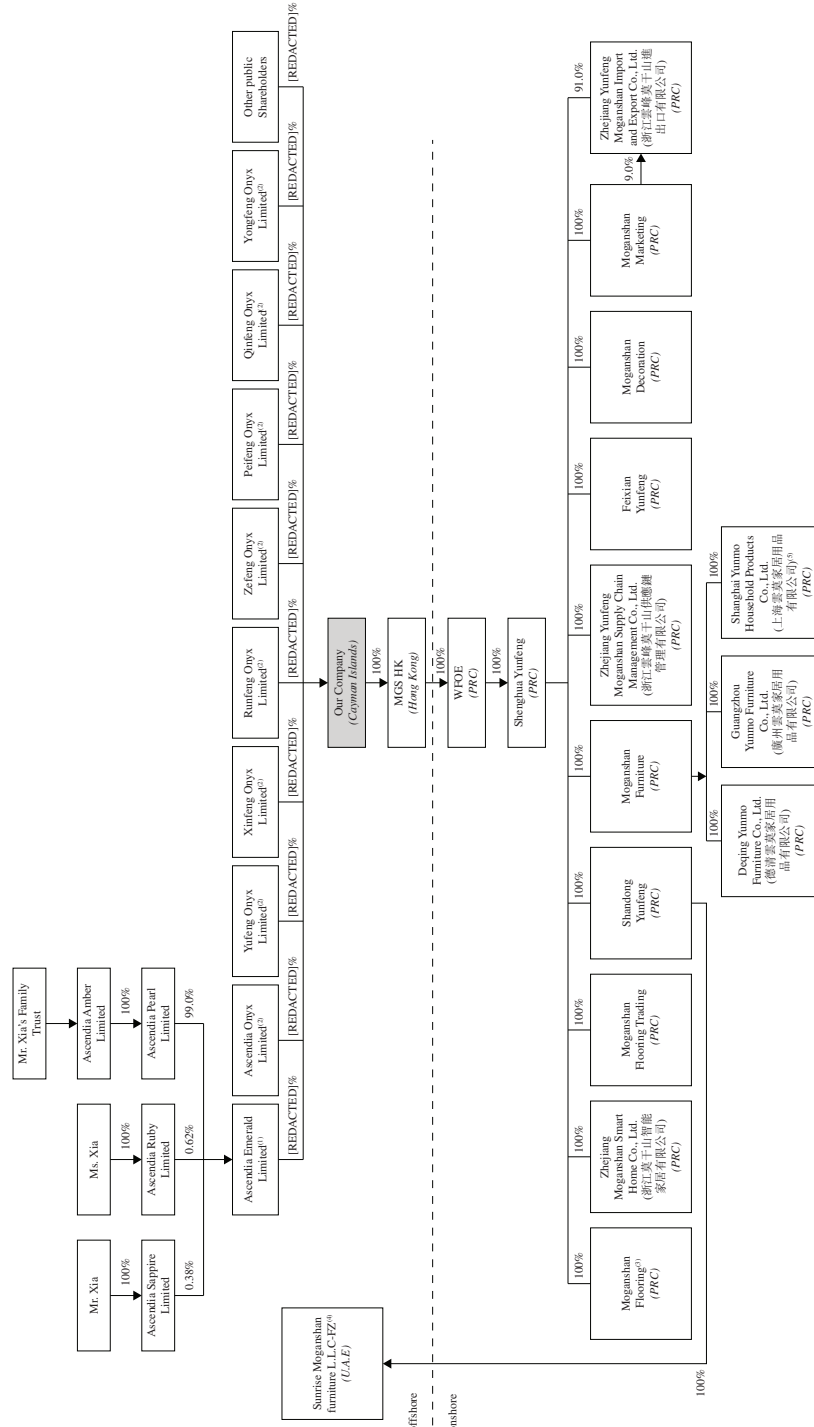
Notes:

- (1) As of the Latest Practicable Date, Mr. Xia controls the exercise of the entire 100% voting right at Ascendia Emerald Limited. For details, please refer to “— Reorganization — Part 1: Offshore Reorganization — Step 1.4: Establishment of offshore Family Trust and voting power entrustment arrangement” in this section above.
- (2) For details of the shareholding structures of each of these BVI shareholding vehicles, please refer to “— Reorganization — Part 1: Offshore Reorganization — Step 1.1: Incorporation of BVI shareholding vehicles” in this section above.
- (3) In July 2025, Shenghua Yunfeng entered into a framework equity transfer agreement with an independent third party, transferring its 100% equity of Moganshan Flooring at a consideration to be determined with reference to a net asset value valuation report to be issued. The proposed disposal is intended to optimize the Group’s asset utilization and, while maintaining the stable operations of our flooring business, convert plant assets into liquidity to support the Group’s overall development. As of the Latest Practicable Date, Moganshan Flooring remained as our wholly-owned subsidiary and it was expected that the aforementioned equity transfer would be completed before [REDACTED].
- (4) Sunrise Moganshan furniture L.L.C-FZ is a limited liability company incorporated under the laws of the U.A.E. on January 11, 2026, our indirect wholly-owned subsidiary.
- (5) Shanghai Yunmo Household Products Co., Ltd. (上海雲莫家居用品有限公司) is a limited liability company established in the PRC on November 27, 2025, our indirect wholly-owned subsidiary.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Immediately Following the [REDACTED]

The following chart illustrates the simplified shareholding structure of our Group immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes: For notes (1) to (5), please refer to “— Immediately Prior to the [REDACTED]” in this section above.