OVERVIEW

Established in 1995, we are a technology-driven provider of intelligent power distribution equipment and control systems, primarily serving data centers and power grid applications. Leveraging over three decades of deep-rooted industry expertise, we have grown into a leading provider of comprehensive high- and low- voltage switchgears in China. Our continuous technological innovation and extensive industry expertise have been fundamental to our growth. According to Frost & Sullivan, we ranked second with a market share of 3.3% in terms of revenue from assembled power distribution equipment solutions for the data center industry (a subsegment of communication industry) in 2025. According to the same source, we ranked third with a market share of 3.6% in terms of revenue from assembled power distribution equipment solutions for the communication industry in 2025.

DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Event
1995	Our Company was established in the PRC in May.
2010	Our Company commenced cooperation with a state-owned power grid company and was included as one of its qualified suppliers.
2011	Our Company entered into collaboration and licensing agreements with ABB for the licensed manufacture of designated switchgear products.
2014	Our Domestic Shares were quoted on the NEEQ (stock code:831406) in December. Our Company entered into collaboration and licensing agreements with Schneider Electric for the licensed manufacture of designated switchgear products.
2017	Our Company commenced cooperation with state-owned communications enterprises through annual centralised procurement projects and subsequently expanded the cooperation to the data center projects.
2018	Mr. Zhou becoming our Controlling Shareholder.
2021	Our intelligent manufacturing production facility in Fuqing, Fujian Province commenced operations, featuring proprietary model database systems, modularized production capabilities. Our Company expanded its supplier coverage with state-owned power grid companies across multiple provinces.

Year	Event
2025	Our production facility in Yangzhong City, Jiangsu Province commenced operations. Our Company further expanded into overseas markets, including Southeast Asia and the Middle East.

OUR PRINCIPAL SUBSIDIARIES

The following table sets forth the principal business activities, date and place of establishment of each of our major subsidiaries, which made a material contribution to our results of operations during the Track Record Period, as of the Latest Practicable Date:

Name of Entity	Principal Business Activities	Date and place of establishment	Shareholding
Fuqing Senda	Switchgears manufacturing and charging piles operation	November 15, 2022 PRC	100%
Lusi Technology[(1)]	Components procurement, sales and wholesale trading	April 1, 2021 PRC	100%

Note:

(1) Lusi Technology is an indirect wholly-owned subsidiary of our Company through its wholly-owned subsidiary, Fujian Lusi.

OUR CORPORATE HISTORY AND DEVELOPMENT

Establishment of the Company

The Company, originally named as Fujian Nanping Jinxin Decoration Co., Ltd.* (福建省南平今新裝潢裝飾有限公司), was established as a foreign-invested company in the PRC by Hong Kong Xieda Trading Company (香港協達貿易公司) ("**Xieda HK**") under the laws of the PRC on May 31, 1995, with an initial registered capital of RMB2,000,000. The initial business scope of our Company included the production of decorative materials and the provision of integrated renovation, decorative design and construction services. To the best knowledge of our Directors, our Company did not carry out any material operations in such business during the period when it was wholly-owned by Xieda HK.

Change of name

On January 8, 1996, the name of the Company was changed from Fujian Nanping Jinxin Decoration Co., Ltd.* to Fujian Longyuan Electric Co., Ltd.* (福建龍源電氣有限公司), which was further changed to Fujian Senda Electric Co., Ltd.* (福建森達電氣有限公司) on August 23, 1996.

Capital increase in 1996 and equity transfer in 2002

On June 7, 1996, the registered capital of our Company was increased to RMB6,000,000 with all the increased registered capital subscribed by Xieda HK.

In June 2002, Xieda HK entered in to an equity transfer agreement with Hong Kong Huida Electronic Company (香港匯達電氣公司) ("**Huida HK**"), pursuant to which Xieda HK agreed to transfer 100% equity interest in our Company to Huida HK at a consideration of HKD6,800,000.

In our inception stage, our Company underwent a strategic repositioning and shifted its business focus to the manufacture of traditional high-voltage and low-voltage electric power distribution equipment, leveraging the industry experience and resources of Huida HK.

Capital increase in 2003 and 2005 and equity transfer in 2004

In July 2003, our registered capital increased from RMB6,000,000 to RMB11,600,000, with the increased registered capital contributed by Huida HK.

Pursuant to an equity transfer agreement dated March 28, 2004 entered between Huida HK and Sanming Youxin Electricity Industry Head Company* (三明優信電力實業總公司) ("**Sanming Youxin**"), Huida HK agreed to transfer 25% equity interest in our Company to Sanming Youxin at a consideration of RMB2,500,000.

On May 30, 2005, the then Board passed a resolution to increase share capital of the Company to RMB15.6 million and adjust the equity interests of the then Shareholders. Upon the completion of the equity transfers and the registered share capital increases, the Company was owned as to 83.97% by Huida HK and 16.03% by Sanming Youxin.

Equity transfer in 2005

On June 16, 2005, Huida HK entered into an equity transfer agreement with Hong Kong Huida Electric Group Co., Ltd. (香港匯達電氣集團有限公司) ("**Huida Group**"), under which Huida HK agreed to transfer its entire equity interests in the Company to Huida Group at the consideration of HKD16.0 million. The consideration for the equity transfer was based on arm's length negotiations. Upon the completion of the equity transfer, the Company was owned as to 83.97% by Huida Group and 16.03% by Sanming Youxin.

Equity transfers in 2006 and 2008

Fujian Huichuang Industrial (Group) Co., Ltd.* (福建匯創實業(集團)股份有限公司) ("**Huichuang Industrial**") purchased 55% equity interest in the Company from Huida Group on June 29, 2006 at a consideration of RMB 10,450,000 and afterwards transferred 25% equity interest in the Company to Huida Group on April 18, 2008 at a consideration of RMB4,870,000. The consideration of each of the above equity transfers was based on arm's length negotiations. Upon the completion of the equity transfer, the Company was owned as to 53.97% by Huida Group, 30.00% by Huichuang Industrial, 16.03% by Sanming Youxin.

Capital increase and equity transfer in 2009

On February 26, 2009, our Board passed a resolution to increase our registered capital to RMB30,000,000 and adjust the equity interests of the then Shareholders. The capital increase was completed in March 2009.

On September 6, 2009, Huichuang Industrial agreed to transfer 15.6% equity interests in the Company to Huida Group at the consideration of RMB5,700,000. The consideration for the equity transfer was based on arm's length negotiations. Upon completion of the transfer, our Company was owned by Huida Group and Sanming Youxin as to 91.67% and 8.33%, respectively, and Huichuang Industrial ceased to be our Shareholder.

Equity transfer in 2010 and capital increase in 2011

On September 8, 2010 , Sanming Youxin agreed to transfer 8.33% equity interests in the Company to Huida Group at the consideration of RMB2,500,000. The consideration for the equity transfer was based on arm's length negotiations. Upon completion of the transfer, our Company was wholly owned by Huida Group and Sanming Youxin ceased to be our Shareholder.

On May 5, 2011, the registered share capital of our Company was increased from RMB 30.0 million to RMB 50.0 million, with the newly increased registered capital of RMB 20.0 million contributed as follows: (i) Converting RMB 16.0 million of the undistributed profits into registered share capital; (ii) RMB 4.0 million in cash contributed by Huida Group. The aforementioned capital increase had been fully paid as of April 12, 2013.

Equity transfers in 2013

On June 18, 2013, Huida Group entered into an equity transfer agreement with Li Jianmin (李建民) ("**Mr. Li**"), Jiang Lijian (蔣利建), Ye Zhongxiang (葉中香), Lin Faguang (林發光), and Lin Dongwei (林東偉), who were the then directors of the Company, to transfer 50%, 20%, 15%, 10%, and 5% equity interests in the Company to each of them at a consideration of RMB25,000,000, RMB10,000,000, RMB7,500,000, RMB5,000,000 and RMB2,500,000, respectively. The consideration of each of the above equity transfers was determined by reference to the then paid-up registered share capital of the Company. Upon the completion of such transfers, Huida Group ceased to be our Shareholder.

On November 13, 2013, Mr. Li agreed to transfer 1.3% equity interests in the Company at the consideration of RMB650,000 to Chen Zeyin (陳澤銀), and 1% equity interests in the Company at the consideration of RMB500,000 to each of Xie Guiyun (謝貴運), Chen Qinwu (陳欽武), Chen Guangping (陳光平), and Chen Xiudan (陳秀丹), who were the then employees of the Company, respectively.

Upon the completion of equity transfers, the shareholding of our Company was as follows:

Shareholders	Subscribed Registered Capital	Equity interest
	(RMB)	*(%)*
Mr. Li (李建民)	22,350,000	44.70
Jiang Lijian (蔣利建)	10,000,000	20.00
Ye Zhongxiang (葉中香)	7,500,000	15.00
Lin Faguang (林發光)	5,000,000	10.00
Lin Dongwei (林東偉)	2,500,000	5.00
Chen Zeyin (陳澤銀)	650,000	1.30
Xie Guiyun (謝貴運)	500,000	1.00
Chen Qinwu (陳欽武)	500,000	1.00
Chen Guangping (陳光平)	500,000	1.00
Chen Xiudan (陳秀丹)	500,000	1.00
Total	50,000,000	100.00

Conversion into Joint Stock Company in April 2014

On April 7, 2014, the then shareholders of the Company, Mr. Li, Jiang Lijian, Ye Zhongxiang, Lin Faguang, Lin Dongwei, Chen Zeyin, Xie Guiyun, Chen Qinwu, Chen Guangping and Chen Xiudan, passes a resolution to convert the company into a joint stock company and to changed its name into Fujian Senda Electric Co., Ltd. (福建森達電氣股份有限公司). On the same date, all the then shareholders of the Company signed a promoter agreement, agreeing to (i) act as the promoters of the joint stock company, (ii) convert RMB50.0 million of the net assets of the Company as of December 30, 2013 as the joint stock company's capital representing 50.0 million Shares, and (iii) credit the remaining approximately RMB6.8 million of the net assets of the Company as of December 30, 2013 to joint stock company's capital reserve.

On April 23, 2014, the Company held the first general meeting, where the then shareholders of the Company passed resolutions on matters in relation to the establishment of the Company as a joint stock company, the adoption of the articles of association of the Company, and the election of the first Board of Directors, among others. Upon completion of the conversion, the registered capital of the Company was RMB50.0 million divided into 50.0 million Shares with a nominal value of RMB1.0 each attributable to the then shareholders in proportion to their respective shareholding.

The conversion and the name change were completed on May 13, 2014.

Quotation on the NEEQ

On November 21, 2014, our Company received approval for quotation of its Domestic Shares on the NEEQ. On December 3, 2014, all issued Domestic Shares of our Company were quoted on the NEEQ under the stock code of 831406.

2015 May Allotment

On May 13, 2015, our then Shareholders resolved to issue and allot a total of 10,000,000 Shares to Aviation Securities, Industrial Securities, Century Securities, Wanlian Securities, Central China Securities, Chenxing Asset Management Plan, Jinhui International, JIC NEEQ Trust Scheme and Mingshang Investment (the "**Subscribers**") at an issue price of RMB4.5 per Share (the "**2015 May Allotment**"), which was determined after arm's length negotiation. Amongst the 10,000,000 issued Shares, (i) Aviation Securities subscribed for 1,200,000 Shares at a total consideration of RMB5,400,000; (ii) Industrial Securities subscribed for 700,000 Shares at a total consideration of RMB3,150,000; (iii) Century Securities subscribed for 500,000 Shares at a total consideration of RMB2,250,000; (iv) Wanlian Securities subscribed for 600,000 Shares at a total consideration of RMB2,700,000; (v) Central China Securities subscribed for 1,000,000 Shares at a total consideration of RMB4,500,000; (vi) Chenxing Asset Management Plan subscribed for 500,000 Shares at a total consideration of RMB2,250,000; (vii) Jinhui International subscribed for 1,000,000 Shares at a total consideration of RMB4,500,000; (viii) JIC NEEQ Trust Scheme subscribed for 1,500,000 Shares at a total consideration of RMB6,750,000; and (ix) Mingshang Investment subscribed for 3,000,000 Shares at a total consideration of RMB13,500,000. According to a capital verification report issued by Beijing Xinghua Certified Public Accountants (Special General Partnership)*(北京興華會計師事務所(特殊普通合夥)) dated June 30, 2015, the consideration for 2015 May Allotment had been fully settled by Subscribers as of June 8, 2015.

In connection with the 2015 May Allotment, our registered capital increased from RMB50,000,000 to RMB60,000,000. Upon completion of various share transfers on the NEEQ and the 2015 May Allotment, the shareholding held by the then top 10 Shareholders was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company
		(%)
Mr. Li (李建民)	21,850,000	36.42
Jiang Lijian (蔣利建)	10,000,000	16.67
Ye Zhongxiang (葉中香)	7,500,000	12.50
Lin Faguang (林發光)	5,000,000	8.33
Tianxing Mingshang (北京天星銘商投資中心(有限合夥))	3,000,000	5.00
Lin Dongwei (林東偉)	2,500,000	4.17
Aviation Securities (中航證券有限公司)	1,500,000	2.50
JIC NEEQ Trust Scheme (中建投 • 新三板投資基金集合信託計劃1號(鼎鋒資產))	1,500,000	2.50
Industrial Securities (興業證券股份有限公司)	1,000,000	1.67
Central China Securities (中原證券股份有限公司)	1,000,000	1.67
Total	54,850,000	91.43

2016 Conversion of Capital Reverses into Share Capital

On April 12, 2016, our then Shareholders resolved to convert our capital reserves into share capital with issuance of 6.8 bonus shares for every 10 existing shares to our then Shareholders (the "**2016 Conversion of Capital Reserves into Share Capital**").

In connection with the 2016 Conversion of Capital Reserves into Share Capital, our registered capital increased from RMB60,000,000 to RMB100,800,000 on May 5, 2016.

2018 June Allotment and subsequent share transfers

Mr. Zhou and Mr. Kang Quanshui held strong confidence in the development of our Company, and decided to invest in our Company through additional subscription to our Shares. On June 14, 2018, our then Shareholders resolved to issue and allot a total of 54,276,900 Shares to Mr. Zhou and Mr. Kang Quanshui at an issue price of RMB1.5 per Share (the "**2018 June Allotment**"), which was determined after arm's length negotiation. Amongst the 54,276,900 issued Shares, (i) Mr. Zhou subscribed for 48,073,800 Shares at a total consideration of RMB72,110,700; and (ii) Mr. Kang Quanshui subscribed for 6,203,100 Shares at a total consideration of RMB9,304,650. According to a capital verification report issued by Ruihua Certified Public

Accountants (Special General Partnership)*(瑞華會計師事務所(特殊普通合夥)) dated August 10, 2018, the consideration for 2018 June Allotment had been fully settled by Mr. Zhou and Mr. Kang Quanshui as of August 7, 2018. Therefore, Mr. Zhou held 31.00% equity interests in the Company, thereby becoming the new controlling shareholder of our Company in June 2018.

Before Mr. Zhou became our Controlling Shareholder, the Company was engaged in traditional high-voltage and low-voltage electric power and faced considerable operational challenges and strategic uncertainty. The then-controlling shareholder, Mr. Li, was 64 years old and in poor health, limiting his capacity to lead an operational turnaround. Mr. Zhou, who is the controlling shareholder of Fujian Yuezhong Technology Co., Ltd.* (福建越眾科技有限公司), sought to invest in us and transform us into an integrated manufacturer with in-house R&D and production capabilities. This strategic shift led us to establish a more resilient and valuable business model. Having profound experience in the same industry, Mr. Zhou was familiar with the Company and its potential. Upon learning of its struggles and the Shareholders' openness to change, he initiated discussions with Mr. Li and other Shareholders. After months of negotiations, a consensus was reached among the then Shareholders, leading to the 2018 June Allotment mentioned above, enabling Mr. Zhou to become the Controlling Shareholder to revitalize the Company's operations and pursue long-term growth, which aligned with his own ambition to establish a full-fledged industrial entity.

Subsequently in November 2020, Mr. Zhou acquired 873,180 Shares via block trades on NEEQ. During the period from September 2022 to May 2023, Mr. Zhou acquired an aggregate of 68,046,500 Shares from Lu Ling (路玲), Jiang Lijian (蔣利建), Lin Tianhua (林田華), Ye Zhongxiang (葉中香), Luo Wenrong (羅文容), Lin Dongwei (林東偉) and Chen Xiudan (陳秀丹) through a series of block trade transfers conducted on the NEEQ platform, comprising (i) 33,606,500 Shares from Lu Ling at a consideration of RMB82.3 million; (ii) 16,800,000 Shares from Jiang Lijian at a consideration of RMB42.8 million; (iii) 9,450,000 Shares from Lin Tianhua at a consideration of RMB23.2 million; (iv) 3,150,000 Shares from Ye Zhongxiang at a consideration of RMB8.9 million; (v) 3,150,000 Shares from Luo Wenrong at a consideration of RMB7.7 million; (vi) 1,050,000 Shares from Lin Dongwei at a consideration of RMB3.0 million; and (vii) 840,000 Shares from Chen Xiudan at a consideration of RMB2.1 million. The considerations were determined after arm's length negotiations between the parties with reference to, among others, the investment costs of certain transferors and the historical trading prices of the Shares on the NEEQ, and were fully settled in cash. The transferors included the spouse of Mr. Li and other aging founders who decided to exit following Mr. Li's passing away in 2021.

Upon completion of 2018 June Allotment and subsequent share transfers on the NEEQ, the shareholding held by the then top 10 Shareholders was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company
		(%)
Mr. Zhou (周海珠)	124,058,140	80.00
Lin Faguang (林發光)	8,400,000	5.42
Kang Quanshui (康泉水)	6,199,100	4.00
Bao Jiaqiang (鮑家強)	5,701,679	3.68
Lu Ling (路玲)	3,101,500	2.00
Chen Zeyin (陳澤銀)	1,092,000	0.70
Chen Guangping (陳光平)	840,000	0.54
Xie Guiyun (謝貴運)	840,000	0.54
Chen Xiaohui (程曉煇)	395,763	0.26
Ye Yanjun (葉燕軍)	295,649	0.19
Total	150,924,800	97.32

PRC Legal Advisor's Confirmation

Solely based on the Register of Top 200 Ranked Security Holders (《前 200 名全體排名證券持有人名冊》) dated May 31 2026 provided by the Company, the PRC Legal Advisor is of the view that as of May 31, 2026, the shareholdings held by the shareholders set out in the Register of Top 200 Ranked Security Holders (《前 200 名全體排名證券持有人名冊》)are legal and valid.

PREVIOUS A SHARE LISTING ATTEMPT

On June 19, 2023, the Company submitted an application for listing (the "**A Share Listing Application**") of the Shares on the Beijing Stock Exchange (the "**BSE**"). In July, September and October 2023, we received certain comments from relevant regulatory authorities in respect of our A Share Listing Application. Responses to such regulatory comments were submitted in August, October and November 2023, respectively. The Company has addressed all such comments which were primarily disclosure related. In February 2024, given the overall capital markets conditions and considering that the Stock Exchange would provide the Company with an international platform to access and attract diverse overseas investors, the Company decided to adjust its listing strategy and not to proceed with the proposed listing on the BSE. According to our application to withdraw the A Share Listing Application submitted on February 5, 2024, the BSE terminated the vetting process on February 20, 2024.

On November 28, 2024, the Fujian Regulatory Bureau of the China Securities Regulatory Commission (中國證監會福建監管局辦公室) (the "**Fujian Regulatory Bureau of the CSRC**") issued a caution letter (the "**Caution Letter**") to the Company and four of its management members, namely, Mr. Zhou, Mr. Kang Quanshui, Mr. Xie Guiyun and Ms. Fu Lingyan (the "**Relevant Members**"), which identified three aspects of concern relating to disclosure of information, revenue recognition and corporate governance as further explained in below (collectively, the "**Relevant Matters**") and stated that the Relevant Members failed to discharge their full diligence. On January 8, 2025, the BSE issued a decision on self-regulatory measures (自律監管措施決定書) (the "**BSE Decision**") concerning the Relevant Matters as presented in the Caution Letter, imposing self-regulatory measures on the Company and relevant Members. Details of the Relevant Matters as set out in the Caution Letter are set out below:

(i) Failure to accurately/promptly disclose certain information

1. The Company failed to promptly disclose three entities, namely, Jiangsu Langchongyi Electrical Equipment Co., Ltd. (江蘇琅崇詣電氣設備有限公司, "**Langchongyi**"), Senyixing Technology Co., Ltd. (森益興科技有限公司, "**Senyixing**") and Beijing Xingqian Technology Co., Ltd. (北京興前科技有限公司, "**Xingqian**") (collectively, the "**Relevant Parties**") as related parties of the Company in its annual reports for the years from 2019 to 2023 and the draft document for the proposed listing of its Shares on the BSE (the "**BSE Document**").

2. The Company failed to accurately disclose the ownership of the funds in the three bank accounts (the "**Relevant Bank Accounts**") under the name of Ms. Mao (name withheld), Mr. Zhou's mother-in-law, to be actually controlled by Mr. Zhou in the Company's responses to the second and third rounds of regulatory comments from the BSE in relation to the A-Share Listing Application.

3. The source of funds of Mr. Zhou's capital injection in the Company of RMB31.8 million during the period from September 2022 to May 2023 was misstated in the Company's responses to the first and second rounds of regulatory comments from the BSE. Instead of disclosing them as his own funds, they were erroneously described as a loan from Ms. Mao.

4. The Company failed to accurately disclose the ultimate source of Mr. Zhou's investment capital.

   (1) Regarding the funds that Mr. Zhou borrowed in April 2023 from Yuezhong Technology of RMB10 million, such funds were disclosed in the Company's responses to the second round of the regulatory comments from the BSE as Yuezhong Technology's funds from its business activities while they were bank loans of Yuezhong technology made in March 2023.

   (2) Regarding the funds of RMB37.99 million that Mr. Zhou (name withheld) (the "**Lender**") and Ms. Li (name withheld) lent to Mr. Zhou, a proportion of such funds was disclosed as the Lender's own funds in the Company's responses to the second round of the regulatory comments from the BSE while they were borrowed by the Lender from a friend.

5. The Company failed to accurately disclose the overlapping employees between the Group and Yuezhong Technology.

6. The RMB2 million that Mr. Liu (name withheld) borrowed from Mr. Zhou in July 2018 was disclosed as a borrowing from Ms. Mao in the Company's responses to the second round of the regulatory comments from the BSE.

7. The RMB1.01 million that Mr. Chen (name withheld) repaid to Ms. Mao was mistakenly disclosed as RMB1.10 million in the Company's responses to the second round of the regulatory comments from the BSE.

(ii) Incorrect revenue recognition timing

8. Among the cabinets that the Group sold to a Company in Xinjiang ("**Xinjiang Company**"), 418 cabinets were delivered and accepted by Xinjiang Company in 2019. The Company failed to recognize revenue for such 418 cabinets that was supposed to be recognized upfront in 2019 until later in 2020 when the relevant customer made payment. Such delay in revenue recognition caused the revenue of approximately RMB12.86 million, the cost of approximately RMB7.16 million and the gross profit of approximately RMB4.84 million that should be recorded in 2019 to be recorded in 2020 instead.

(iii) Flaws in corporate governance

9. The reporting line of the person in charge of Lusi Technology, which is for such person to report directly to Mr. Zhou, is inconsistent with the articles of the Company which provided that the reporting shall be made by such person to Mr. Kang Quanshui, the general manager of the Company.

10. Since April 2023, the general manager of Lusi Technology and employees of Lusi Technology, had been in charge of certain procurement work for Yuezhong Technology, certain liaison work for Senyixing and Beijing Xingqian, and certain payment coordination work for Langchongyi. The Group inaccurately disclosed in the BSE Document that there was no material deficiency in its internal control system, and inaccurately disclosed in the Company's responses to the first and second rounds of the regulatory comments from the BSE that there were no overlapping in personnel of the Group and those of Yuezhong Technology.

Under the Caution Letter and the BSE Decision, the Group was not required to adopt any rectification measures. Nonetheless, the Group has conducted comprehensive self-examination and self-rectification and has taken steps to ensure its compliance with relevant rules and regulations. For the failure to accurately/promptly disclose certain information, the Group has completed the necessary corporate approvals and disclosures in relation to Relevant Matters. In addition, the Group has organized training for the Directors, management and staff regarding Relevant Matters to, among others, enhance their understanding of the listing rules and disclosure requirements for listed companies. For incorrect revenue recognition timing, the Group has rectified the issue identified and enhanced its internal control mechanisms by providing trainings for the staffs of finance department that revenue must be recorded timely and accurately according to applicable laws and accounting policies, and requiring the staffs of finance department to discuss with independent professional parties promptly upon identifying any material accounting matters. In addition, the Group has strengthened internal coordination, compliance review and internal audit mechanisms. For flaws in corporate governance, the Group has enhanced its internal governance and approval procedures in accordance with the relevant laws and regulations, as well as the internal policies of the Company and its subsidiaries. In particular, the Company has supplemented and formalized the approval procedures applicable to the daily operations, personnel management and material non-routine operational matters of its subsidiary, Lusi Technology. The Group has also enhanced its internal control mechanisms by engaging an external internal control consultant to conduct a thorough assessment of the overall governance framework.

The Directors also confirm that during the preparation for the A-Share Listing Application, the Company did not encounter any disagreements with the relevant professional parties engaged for the purpose of the A-Share Listing Application.

Our Directors are of the view that the above Relevant Matters are not material, having considered that (i) there was no involvement of any fraudulent or dishonest act in the Relevant Matters; (ii) neither our Company or our Shareholders' interest was materially and adversely impacted as a result of the matters as set out in the Caution Letter or the BSE Decision; (iii) As of the Latest Practicable Date, to the best of our knowledge, there has not been any outstanding matter, ongoing investigation, other regulatory request or disciplinary action against our Company, our subsidiaries, Directors, and the Relevant Parties and the professional parties engaged for the A Share **[REDACTED]** Application in respect of the Caution Letter and the BSE Decision from the Beijing Stock Exchange, the CSRC or other competent authorities as to such incidents; (iv) as advised by our PRC Legal Advisor, each of the Caution Letter and the BSE Decision was purely a regulatory measure, which did not constitute administrative penalty under PRC law, regulations or rules, and such regulatory measure did not disqualify any of the Relevant Members from acting as a director or senior management officer of any PRC company under the PRC Company Law; (v) no monetary fine or other penalty was imposed on our Company as a result of the incidents identified in the Caution Letter and BSE Decision; (vi) we have rectified the Relevant Matters and enhanced its internal control mechanisms and (vii) based on the work performed by external internal control consultant, the underlying internal control relating to the Relevant Matters had been duly rectified and/or enhanced, and effectively and adequately, if implemented continuously, to prevent recurrence of the Relevant Matters, our Directors have confirmed and are of the views that (i) the Relevant Matters do not have any material adverse impact on our Group and (ii) they are not aware of any material matters or findings relating to the Caution Letter or the BSE Decision which have been brought to their attention that might materially and adversely affect our suitability for the **[REDACTED]** under Rule 8.04 of the Listing Rules or the suitability for Mr. Zhou, Mr. Kang Quanshui, and Ms. Fu Lingyan under Rules 3.08 and 3.09 of the Listing Rules or should be brought to the attention of the **[REDACTED]** and/or the **[REDACTED]** in the **[REDACTED]**. See "Directors and Senior Management — Further Information about our Directors And Senior Management."

Based on (i) the review of the relevant documents and information provided by the Company in relation to the foregoing; (ii) the interview of the parties involved in the incidents and the professional parties engaged in the A Share Listing Application to understand, among others, the background of and the reasons for the Relevant Matters; (iii) the legal opinion from our PRC Legal Advisers that each of the Caution Letter and the BSE Decision was purely a regulatory measure, which did not constitute administrative penalty under PRC law, regulations or rules, and such regulatory measure did not disqualify any of the Relevant Members from acting as a director or senior management officer of any PRC company under the PRC Company Law; (iv) the Company has rectified the Relevant Matters and enhanced its internal control mechanisms; and (v) the confirmation from the Directors disclosed above, nothing has come to the attention of the Sole Sponsor that would cause it to disagree with the Directors' views above that there is no material matters or findings relating to the Caution Letter and the BSE Decision which may materially and adversely affect the Company's suitability for the **[REDACTED]** under Rule 8.04 of the Listing Rules and the suitability for Mr. Zhou, Mr. Kang Quanshui, and Ms. Fu Lingyan under Rules 3.08 and 3.09 of the Listing Rules.

Solely based on the public filings on the website of the NEEQ, our PRC Legal Advisor is of the view that, save as disclosed above, there had been no material non-compliance record of the Company with the applicable rules of NEEQ and other applicable PRC securities laws and regulations in material respects during the Track Record Period.

REASONS FOR THE H SHARE [REDACTED]

Our Directors believe that the **[REDACTED]** 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 the following reasons:

(i) the **[REDACTED]** could offer us a direct access to the international capital markets, enhance our fundraising capabilities and broaden our fundraising channels and our Shareholders base as well as strengthen our corporate governance;

(ii) **[REDACTED]** would give us a better platform to further develop our business especially our growth in overseas market; and

(iii) the **[REDACTED]** will further raise our brand awareness, business profile and thus, enhance our corporate image to attract new customers, business partners and strategic **[REDACTED]** as well as to recruit, motivate and retain key management personnel for our Group's business.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as of the Latest Practicable Date, our Group did not have any acquisitions, disposals or mergers that we consider to be material to us.

[REDACTED]

Our Domestic Shares listed on NEEQ are not counted towards our **[REDACTED]** for the purpose of Rule 8.08 of the Listing Rules. Pursuant to Rule 19A.13A(1) of the Listing Rules, where the expected market value at the time of **[REDACTED]** of our Company's total issued Shares does not exceed HK$6 billion, at least 25% of total issued Shares must at the time of the **[REDACTED]** be held by the public. With respect to the indicative **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** (being the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**, respectively), the expected **[REDACTED]** of the Company's total issued Shares would not exceed HK$6 billion. Assuming that all the **[REDACTED]** are allotted, the number of H Shares held by the public at the time of the **[REDACTED]** is expected to be **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total number of issued Shares), which will be regarded as **[REDACTED]** and will satisfy the requirement under Rule 19A.13A(1) of the Listing Rules (assuming that the **[REDACTED]** is not exercised).

[REDACTED]

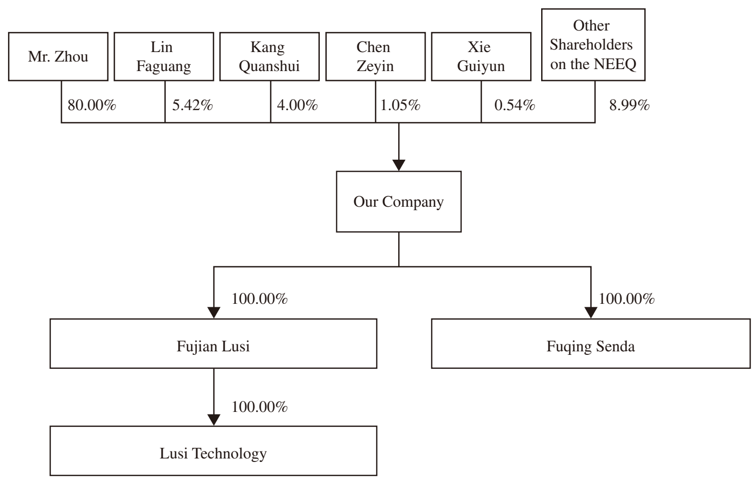
Pursuant to Rule 19A.13C(1) of the Listing Rules, where a new applicant is a PRC issuer with no other listed shares at the time of **[REDACTED]**, this will normally mean that the portion of H shares for which **[REDACTED]** is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Hong Kong Listing Rules, applicable laws or otherwise), at the time of **[REDACTED]**, must: (a) represent at least **[REDACTED]**% of the total number of issued shares in the class to which H shares belong at the time of **[REDACTED]** (excluding treasury shares), with an expected market value at the time of **[REDACTED]** of not less than HK$**[REDACTED]**; or (b) have an expected market value at the time of **[REDACTED]** of not less than HK$**[REDACTED]**.

In consideration that the total number of H Shares in issue upon **[REDACTED]** that are held by the public and not subject to any disposal restrictions is expected to be at least **[REDACTED]**% of the total issued Shares the time of **[REDACTED]**, with an expected market value at the time of **[REDACTED]** of not less than HK$**[REDACTED]**, our Company is expected to satisfy the **[REDACTED]** under Rule 19A.13C of the Listing Rules at the time of the **[REDACTED]**.

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

Our corporate and shareholding structure immediately prior to the completion of the **[REDACTED]** is as follows:

The following chart illustrates the Company's current organizational structure as of the Latest Practicable Date prior to the **[REDACTED]**:



CORPORATE STRUCTURE IMMEDIATELY AFTER THE [REDACTED]

Our corporate and shareholding structure immediately after the **[REDACTED]** is as follows: