OVERVIEW

The history of our Group could be traced back to 2003 when Mr. Zhang Fuquan, Mr. Zhang Guanzhou and Mr. Yang, our founders and Controlling Shareholders, established our Company with their own personal funds. We have since then been led by Mr. Zhang Fuquan and Mr. Zhang Guanzhou. For details of their background, see "Directors and Senior Management". After years of operation, we have developed into one of the largest non-state-owned comprehensive power engineering service providers in China.

BUSINESS DEVELOPMENT MILESTONES

The following sets out the summary of our key business development milestones:

Year	Milestone
2003	Our Company was established in Jinan, the PRC in October 2003 and has, since the commencement of our operations, been principally engaged in the provision of engineering design and consultancy services.
2011	We were recognised as the "2011 National Advanced Design Enterprise" (2011年度全國先進設計企業) award.
2012	We were recognised as a "China's Top 100 Integrity Brand Enterprise" (中國百佳誠信品牌企業).
	We obtained Grade A Thermal Engineering Design Qualifications, marking our entry into the Grade A design institute category.
2014	To support our business expansion across various sectors, we acquired our own office premises with a GFA of approximately 4,000 sq.m. at Shuntai Plaza (舜泰廣場) in Jinan, Shandong Province.
2015	Our Company was converted into a joint stock company, and our total workforce exceeded 100 employees.
	We were recognised as a "High-Tech Enterprise" (高新技術企業) by Shandong Province.
	We obtained Grade A Architectural Engineering Design Qualifications.
2016	We were listed on the NEEQ (stock code: 838602).
	We obtained Grade A Engineering Design Qualifications for urban gas projects.
2018	We obtained Grade A Engineering Design Qualification for Electric Power Industry, becoming one of the few non-state-owned power engineering design enterprises in the PRC to hold such qualification at the time.
2019	We were recognised as a "Specialised, Refined, Distinctive and Innovative" (專精特新) enterprise in Jinan city and received the "Enterprise Technology Center" (企業技術中心) designation.

Year	Milestone
2020	We obtained Grade A Engineering Design Qualifications for Atmospheric Pollution Prevention and Control.
2021	We were recognised as a "2021 Shandong Province Enterprise Culture Construction Advanced Unit" (2021年度山東省企業文化建設先進單位) and a "2021 Solar Photovoltaic Power Station Design Enterprise" (2021太陽能光伏電站設計優秀企業).
2022	We were recognised as one of the five leading design enterprises among the "Top 100 Private Enterprises in Jinan" (濟南民營企業100強).
2023	We obtained Grade A Municipal Public Engineering Supervision Qualifications.
2024	We were recognised as a specialised and sophisticated small and medium-sized enterprise (專精特新中小企業) by Shandong Province.
	We were recognised as a gazelle enterprise (瞪羚企業) by Shandong Province, a recognition of our business model based on, among others, our strategic development and our revenue growth.
2025	We obtained Class I Certification for whole process engineering consultancy services (全過程工程諮詢服務).

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

Establishment, name changes and early shareholding changes and capital injections

Our Company was established in the PRC on 29 October 2003 under the name of Shandong Dadi Peak Engineering Consulting Co., Ltd.* (山東大地頂峰工程諮詢有限公司) as a limited liability company with an initial registered capital of RMB2.0 million. As of the date of establishment, our Company was owned as to 40.0% by Mr. Zhang Fuquan, 30.0% by Mr. Zhang Guanzhou and 30.0% by Mr. Yang. Save for their being shareholders of our Company, to the best of the Directors' knowledge, Mr. Zhang Fuquan, Mr. Zhang Guanzhou and Mr. Yang were independent to each other at the time of establishment of our Company. For details of the background of Mr. Zhang Fuquan and Mr. Zhang Guanzhou, see "Directors and Senior Management – Executive Directors". Our Company has, since our commencement of operations, been principally engaged in the provision of engineering design and construction services.

On 20 November 2005, Mr. Zhang Guanzhou and Mr. Yang each agreed to transfer 10.0% of their respective equity interest in our Company to Mr. Zhang Fuquan at the consideration of RMB200,000 each, which was determined with reference to the value of the registered share capital. The transfer was completed on 14 December 2005. Immediately after completion of the transfer, our Company was 60.0% owned by Mr. Zhang Fuquan, 20.0% owned by Mr. Zhang Guanzhou and 20.0% owned by Mr. Yang.

On 29 April 2007, pursuant to a shareholders' resolution of our Company, it was resolved that Mr. Zhang Fuquan, Mr. Zhang Guanzhou and Mr. Yang would inject capital of RMB1,350,000, RMB825,000 and RMB825,000, respectively, into our Company at a total aggregate consideration of RMB3.0 million, which was determined with reference to the nominal value of the registered capital of our Company at the relevant time and were contributed by the respective shareholders with their personal funds. The capital injection was completed on 23 May 2007, and upon which 51.0% of the enlarged equity of RMB5.0 million of our Company was owned by Mr. Zhang Fuquan, whereas 24.5% was owned by Mr. Zhang Guanzhou and 24.5% was owned by Mr. Yang.

We subsequently underwent a series of capital injections, which our registered capital was increased to RMB10.0 million in October 2008, RMB15.0 million in November 2009, RMB20.0 million in November 2010, RMB30.0 million in September 2011 and RMB50.0 million in April 2013, where the shareholding of our shareholders remained unchanged throughout the capital injections, which 51.0% was owned by Mr. Zhang Fuquan, 24.5% was owned by Mr. Zhang Guanzhou and 24.5% was owned by Mr. Yang.

Shareholding restructuring of our Company in 2015

On 20 October 2015, pursuant to the respective equity transfer agreements, Mr. Zhang Fuquan, Mr. Zhang Guanzhou and Mr. Yang agreed to each transferred the entirety of their respective equity interests in our Company, which represented RMB25,500,000 from Mr. Zhang Fuquan, RMB12,250,000 from Mr. Zhang Guanzhou and RMB12,250,000 from Mr. Yang, at nil consideration to Jinan Huanneng Investment Holding Co., Ltd.* (濟南環能投資控股有限公司) ("**Jinan Huanneng**"). The transfer was fully settled and completed on 30 October 2015. Immediately after completion of the transfer, our Company was wholly-owned by Jinan Huanneng. At the time of the transfer, Jinan Huanneng was held as to 51.0% by Mr. Zhang Fuquan, 24.5% by Mr. Zhang Guanzhou and 24.5% by Mr. Yang.

On 9 November 2015, pursuant to the respective equity transfer agreements, Jinan Huanneng agreed to transferred registered capital of RMB500,000 (1.0% of the then total issued share capital) to Mr. Zhang Dan (張丹), RMB300,000 (0.6% of the then total issued share capital) to Ms. Li Junying (李俊英), RMB300,000 (0.6% of the then total issued share capital) to Ms. Wang Pingping (王萍萍) and RMB300,000 (0.6% of the then total issued share capital) to Mr. Liang Yongping (梁永平), respectively, at a price of RMB1.00 per Shares, which considerations was determined with reference to the nominal value of such registered capital. Mr. Zhang Dan, Ms. Li Junying, Ms. Wang Pingping and Mr. Liang Yongping were employees of our Group at the material time. The transfers were fully settled and completed on 19 November 2015.

Upon completion of the above equity transfer in 2015, our Company's shareholding structure became as follows:

Name of the Shareholder	**Percentage of shareholding**
	(approx. %)
Jinan Huanneng*(Note)*	97.2
Zhang Dan	1.0
Li Junying	0.6
Wang Pingping	0.6
Liang Yongping	0.6
Total	**100.0**

Note: Jinan Huanneng was held as to 51% by Mr. Zhang Fuquan, 24.5% by Mr. Zhang Guanzhou and 24.5% by Mr. Yang.

Conversion into a joint stock limited liability company and NEEQ listing

On 10 December 2015, the then shareholders of our Company passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited liability company and the change of the name of our Company to Shandong Huanneng Design Institute Co., Ltd.* (山東省環能設計院股份有限公司).

Upon completion of such conversion on 29 December 2015, the registered capital of our Company became RMB50,000,000.00 divided into 50,000,000 shares with a nominal value of RMB1.0 each, which were subscribed by all the existing Shareholders in proportion to their respective equity interest in our Company before the conversion, and our Company's shareholding structure became as follows:

Name of the Shareholder	Shares	Percentage of shareholding
		(approx. %)
Jinan Huanneng	48,600,000	97.2
Zhang Dan	500,000	1.0
Li Junying	300,000	0.6
Wang Pingping	300,000	0.6
Liang Yongping	300,000	0.6
Total	**50,000,000**	**100.0**

Our Company was listed on NEEQ in August 2016.

In January 2017, our Company issued 5,550,000 Shares, representing approximately 10.0% of our total number of issued Shares as enlarged upon completion of the share issuance, at a subscription price of RMB2.00 per Share. The Shares were subscribed by 21 of our then-employees for an aggregate consideration of RMB11,100,000, which was fully settled in December 2016, including (i) Mr. Zhang Dan and Ms. Li Junying, who are our Directors; and (ii) Ms. Wang Pingping and Mr. Liang Yongping, who are our then Shareholders and employees; and (iii) 17 other employees of our Group. Upon completion, our issued Shares increased to 55,550,000 Shares.

In November 2020, our Company issued 800,000 Shares, representing approximately 1.4% of our total number of issued Shares as enlarged upon completion of the share issuance, at a subscription price of RMB4.00 per Share. The Shares were subscribed by 37 of our then-employees for an aggregate consideration of RMB3,200,000, which was fully settled in October 2020, including (i) Ms. Wang, our Director, who subscribed for 10,000 Shares; (ii) Ms. Wang Pingping, our then Shareholders and employees, who subscribed for 50,000 Shares; and (iii) 35 other employees of our Group, who subscribed for 740,000 Shares in aggregate. Upon completion, our issued Shares increased to 56,350,000 Shares.

The consideration for the above NEEQ subscriptions were made with reference to, among others, the then net asset value per share of our Company, the incentive effects of the subscriptions, and the then growth prospects of our Group. The purpose of such NEEQ Subscriptions was principally to satisfy our project financing needs and to increase the general working capital of our Company.

Delisting from NEEQ and subsequent changes

Our Company's shares were delisted on NEEQ in October 2023.

Subsequent to the delisting on NEEQ, there were several share transfers involving our Controlling Shareholder, namely Jinan Huanneng:

(i) on 29 November 2023, Jinan Huanneng agreed to transfer 700,000 Shares in favour of Ms. Li Junying, who is our Director (and was then our director at the material time), at a consideration of RMB700,000, To the Directors' best knowledge, the consideration was determined after arm's length negotiations between the parties, taking into account their mutual agreement on the investment value of the Shares at the relevant time, and our Company was not involved in the commercial negotiations. The consideration was fully settled on 1 June 2026;

(ii) on 27 November 2023 and 22 December 2023, Jinan Huanneng agreed to transfer an aggregate of 7,000,000 Shares in favour of Ms. Wang, who is our Director (and was our then director at the material time), at an aggregate consideration of RMB7,000,000, to the Directors' best knowledge, the consideration was determined after arm's length negotiations between the parties, taking into account their mutual agreement on the investment value of the Shares at the relevant time, and our Company was not involved in the commercial negotiation. The consideration was fully settled on 10 June 2026; and

(iii) from May 2023 to September 2024, Jinan Huanneng agreed to acquired an aggregate of 320,000 Shares from 32 individuals (including Ms. Wang Pingping as to 6,650 Shares), at a consideration ranging from RMB2.00 to RMB6.00 per Share for a total consideration of approximately RMB1.1 million. The consideration for the respective repurchases was primarily determined with reference to the original subscription price paid by each of the respective individuals at previous subscriptions. All such considerations had been fully settled as at September 2024. These repurchases were mainly conducted for the purpose of repurchasing Shares from previous investors and individuals who had ceased to be employees of our Group prior to the repurchase.

On 28 June 2024, Ms. Wang Pingping agreed to transferred 100,000 Shares to Ms. Wang Juanjuan (王娟娟), an Independent Third Party, at a consideration of RMB300,000 (representing RMB3.0 per Share). To the best of our Directors' knowledge, the consideration was determined after arm's length negotiations between the parties, and our Company was not involved in such negotiations. The consideration was fully settled on 8 June 2026. To the best of our Directors' knowledge, the transfer was a private arrangement between the parties for personal investment purposes.

From January to December 2025, Jinan Huanneng agreed to acquired an aggregate of 2,960,000 Shares from four individuals, namely (i) Ms. Li Yana (李亞娜), (ii) Mr. Gao Wenlong (高文龍); (iii) Mr. Zhang Jian (張健); and (iv) Mr. Zhang Dan (who is our Director), at a subscription price ranging from RMB2.00 to RMB4.00 per Share for a total consideration of approximately RMB5.9 million. The consideration for the respective repurchases was primarily determined with reference to the original subscription price paid by each of the respective individuals at previous subscriptions. All such considerations had been fully settled in December 2025. These repurchases were mainly conducted for the purpose of repurchasing Shares from individuals, some of whom had ceased to be employees of our Group prior to the repurchase, and, in the case of Mr. Zhang Dan, to facilitate his personal financial arrangements.

[REDACTED] INVESTMENTS

Overview

After the delisting from NEEQ and prior to the completion of the **[REDACTED]**, certain Shares were acquired by Ms. Li Junying, Ms. Wang, and Ms. Wang Juanjuan. Since these Shares were not acquired under a defined employee incentive scheme as provided under the Guide, these individuals are considered as our **[REDACTED]** Investors, the details of which are summarised below:

Investors	Ms. Li Junying	Ms. Wang	Ms. Wang Juanjuan[1]
Date of agreement	29 November 2023	27 November 2023 & 22 December 2023	28 June 2024
Consideration	RMB700,000	RMB7,000,000	RMB300,000
Total number of Shares transferred	700,000	7,000,000	100,000
Date of settlement of consideration	1 June 2026	10 June 2026	8 June 2026
Cost per Share[2] and discount to the [REDACTED][3]	RMB1.0 (approximately HK$1.15) per Share, representing a discount of approximately **[REDACTED]**% of the **[REDACTED]**	RMB1.0 (approximately HK$1.15) per Share, representing a discount of approximately **[REDACTED]**% of the **[REDACTED]**.	RMB3.0 (approximately HK$3.45) per Share, representing a discount of approximately **[REDACTED]**% of the **[REDACTED]**.
Use of proceeds	As all the **[REDACTED]** Investments involved transfers among Shareholders, no proceed has been received by our Group.		
Strategic benefits to our Company	At the time of the **[REDACTED]** Investments, our Directors (excluding the interested Directors) believed that such investments demonstrated the investors' confidence in our Group's business prospects as personnel of our Group. Furthermore, these investments serve to align their interests directly with those of our Company and our Shareholders, motivating them toward the long-term growth and success of our business.		
Shareholding in our Company for the [REDACTED] Investor upon [REDACTED] (assuming the [REDACTED] is not exercised)	Appromiately **[REDACTED]**%[4]	Approximately **[REDACTED]**%[5]	Approximately **[REDACTED]**%

Notes:

1. Ms. Wang Juanjuan acquired her Shares via a subsequent transfer from Ms. Wang Pingping on 28 June 2024. The details reflected in this column represent the terms of the transfer between Ms. Wang Pingping and Ms. Wang Juanjuan regarding such Shares.

2. The approximate cost per Share is calculated based on the amount of consideration paid by each **[REDACTED]** Investor divided by the number of Shares derived from such **[REDACTED]** Investment to be held by it upon **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

3. The discount to the **[REDACTED]** is calculated based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]**.

4. Ms. Li Junying owned 400,000 shares prior to her further acquisition of shares in November 2023.

5. Ms. Wang owned 80,000 shares prior to her further acquisition of shares in November and December 2023.

Special Rights

No special rights were granted to any of our **[REDACTED]** Investors in connection with the **[REDACTED]** Investments, and none of the **[REDACTED]** Investors will be entitled to any special rights upon the completion of the **[REDACTED]**.

Lock-up Period

Pursuant to the applicable PRC laws, the shares of a company issued before its **[REDACTED]** shall not be transferred within one year from the date on which the stocks of such company are **[REDACTED]** on a stock exchange. Accordingly, the Shares held by Ms. Li Junying, Ms. Wang, and Ms. Wang Juanjuan will be subject to this statutory transfer restriction for a period of 12 months from the **[REDACTED]**.

Information on the [REDACTED] Investor

Ms. Li Junying and Ms. Wang are Directors and connected persons of our Company. For details of their information, please refer to the section headed "Directors and Senior Management – Executive Directors".

To the best knowledge, information, and belief of our Directors, Ms. Wang Juanjuan is an Independent Third Party and an individual investor.

Sole Sponsor's Confirmation

On the basis that (i) the **[REDACTED]**, being the first day of trading of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the **[REDACTED]** Investments; (ii) there is no redemption right granted to the **[REDACTED]** Investors; and (iii) there is no other special right granted to the **[REDACTED]** Investors, the Sole Sponsor confirms that the **[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide.

CAPITAL INCREASE IN 2024 AND CAPTIAL REDUCTION IN 2026

In June 2024, the registered share capital of our Company was increased to RMB100,000,000. The additional registered capital of RMB43,650,000 remained unpaid. In November 2025, our Company resolved to reduce our registered share capital from RMB100,000,000 back to RMB56,350,000. The capital reduction was conducted to cancel the unpaid registered capital resulting from the capital increase in June 2024. The capital reduction did not involve the cancellation of any issued Shares. The capital reduction was completed on 12 February 2026.

OUR BRANCH COMPANIES

The principal business activities and the dates of establishment of our branch companies are shown below:

Name of branch company	Place of establishment	Date of establishment	Principal business activities
Shandong Huanneng Design Institute Co., Ltd. Xiajin Branch* (山東省環能設計院股份有限公司夏津分公司)	PRC	11 June 2025	Engineering design consulting services
Shandong Huanneng Design Institute Co., Ltd. Qingdao West Coast Branch* (山東省環能設計院股份有限公司青島西海岸分公司)	PRC	11 April 2023	Engineering design consulting services
Shandong Huanneng Design Institute Co., Ltd. Leling Branch* (山東省環能設計院股份有限公司樂陵分公司)	PRC	20 February 2019	Engineering design consulting services
Shandong Huanneng Design Institute Co., Ltd. Xinjiang Branch* (山東省環能設計院股份有限公司新疆分公司)	PRC	15 February 2012	Engineering design consulting services

OUR SUBSIDIARY

As at the Latest Practicable Date, we had one subsidiary, namely Shandong Zhongneng Engineering Construction Co., Ltd.* (山東省中能工程建設有限公司). Shandong Zhongneng was established under the laws of the PRC on 30 December 2022 with a registered share capital of RMB50.0 million. As at the Latest Practicable Date, it was owned as to 60% by our Company and as to 40% by Ms. Wang. Since establishment, it has been principally engaged in provision of EPC services.

DEREGISTRATION OF SUBSIDIARIES DURING THE TRACK RECORD PERIOD

To streamline our Group's structure, during the Track Record Period, two subsidiaries of our Company had been deregistered. Details of such deregistration are set out below:

Name of subsidiary	Interest held by our Company before deregistration	Principal business	Reason of deregistration	Date of deregistration
Huanneng (Liaocheng) Photovoltaic Engineering Co., Ltd.* (環能(聊城)光伏工程有限公司)	100%	Engineering design consulting services	The subsidiary had no substantive operations and was deregistered due to commercial reasons	9 January 2026
Huanneng (Liaocheng) New Energy Co., Ltd.* (環能(聊城)新能源有限公司)	100%	Engineering design consulting services	The subsidiary had no substantive operations and was deregistered due to commercial reasons	19 December 2025

As confirmed by our Directors, both Huanneng (Liaocheng) Photovoltaic Engineering Co., Ltd.* and Huanneng (Liaocheng) New Energy Co., Ltd.* had not been involved in any material claim, litigation or non-compliance incident since their respective establishment and up to the Latest Practicable Date. They were solvent at the time of commencement of their respective deregistration proceedings. Together with the fact of they never commenced substantive operation, our Directors consider that their deregistration did not have a material impact on our Group's business and financial performance.

CORPORATE STRUCTURE

Shareholding structure as at the Latest Practical Date

The following table illustrates the shareholding structure of our Company as at the Latest Practicable Date:

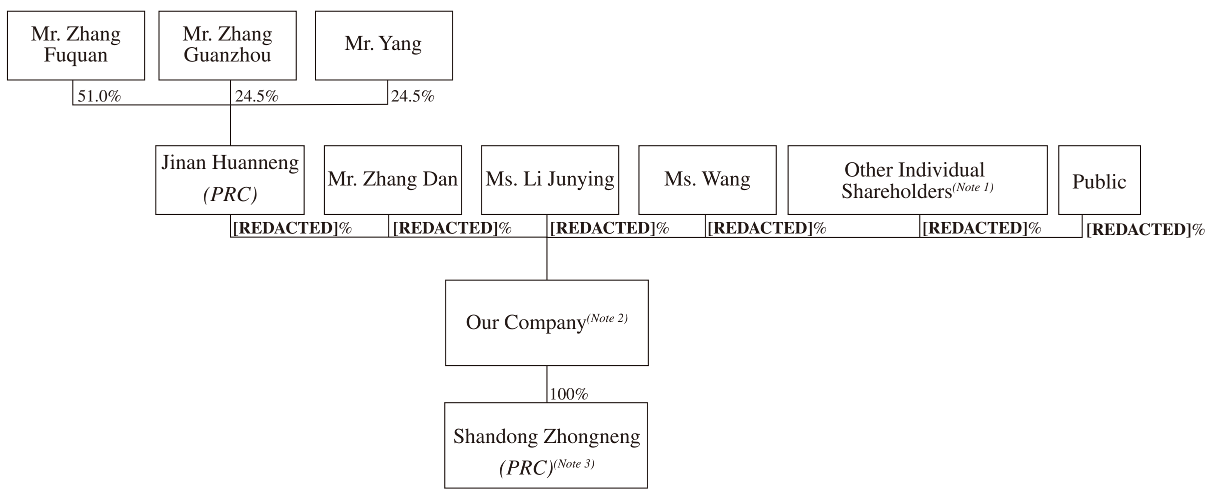
Name of the Shareholder	Shares	Percentage of shareholding
		(approx. %)
Jinan Huanneng*(Note 1)*	44,180,000	78.40%
Ms. Wang	7,080,000	12.56%
Wang Pingping (王萍萍)	1,840,000	3.27%
Li Junying (李俊英)	1,100,000	1.95%
Zhang Dan (張丹)	600,000	1.06%
Zhang Weidong (張煒東)	330,000	0.59%
Li Fan (李凡)	150,000	0.27%
Wang Juanjuan (王娟娟)	110,000	0.20%
Wang Zhuang (王壯)	100,000	0.18%
Feng Xiuxin (馮修新)	100,000	0.18%
Duan Xin (段鑫)	100,000	0.18%
Zhang Congyi (張聰一)	100,000	0.18%
Wang Tao (王濤)	80,000	0.14%
Zhang Linxin (張林新)	70,000	0.12%
Liu Zheng (劉政)	50,000	0.09%
An Ran (安然)	50,000	0.09%
Zhang Lizhen (張麗真)	50,000	0.09%
Liu Wenyong (劉文勇)	30,000	0.05%
Cao Jianqiang (曹建強)	30,000	0.05%
Zhang Zhengquan (張正全)	30,000	0.05%
Hou Jing (侯靜)	20,000	0.04%
Li Hua (李華)	20,000	0.04%
Meng Xiangsheng (孟祥勝)	20,000	0.04%
Zhu Qing (朱青)	20,000	0.04%
Zhang Luquan (張路全)	20,000	0.04%
Yang Guang (楊廣)	20,000	0.04%
Yu Haiwang (于海旺)	10,000	0.02%
Cao Shunmeng (曹順萌)	10,000	0.02%
Ma Cuihua (馬翠華)	10,000	0.02%
Lang Xianguang (郎咸廣)	10,000	0.02%
Zhang Xinxin (張欣欣)	5,000	0.01%
Ren Yuyong (任玉勇)	5,000	0.01%
Total	**56,350,000**	**100%**

Notes:

1. Jinan Huanneng is our Controlling shareholder, and Ms. Wang, Ms. Li Junying and Mr. Zhang Dan are our Directors. All other shareholders are employees or previous employees of our Group and Independent Third Parties.

Corporate structure upon completion of the [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Notes:

1. For details, see "– Corporate structure – Corporate structure as at the Latest Practicable Date".

2. Our Company has established four branch offices in the PRC. For details, see "– Our branch companies".

3. As at the Latest Practicable Date, Ms. Wang owns 40% of the shares in Shandong Zhongneng (PRC), and such shares will be acquired by the Company on or prior to the **[REDACTED]**.

PREVIOUS LISTING ON NEEQ

Delisting of our Shares from NEEQ

On 25 July 2016, our Company received approval for our Shares to be listed on the NEEQ in the PRC (stock code: 838602), and our Shares began trading on the NEEQ in the PRC on 10 August 2016. Having taken into account our operation demands and long-term development plans, the listing of our Shares on the NEEQ no longer satisfied the then financing needs of our Company. As such, our Shareholders resolved to voluntarily delist our Shares from the NEEQ. The delisting of our Shares from the NEEQ was completed on 12 October 2023.

Compliance During Listing on NEEQ

During the period when our Shares were listed on NEEQ, there was a non-compliance incident as set forth below.

On 6 May 2022, the NEEQ issued a warning letter to our Company, Mr. Zhang Fuquan and Ms. Wang (the then secretary of the Board) (the "**Warning Letter**") in relation to our Company's failure to comply with corporate governance and information disclosure requirements, namely: (i) the failure to timely consider and disclose material transactions regarding the provision of loans made in 2020 and 2021, (ii) the failure to timely disclose a material litigation in August 2020, and (iii) the prior period accounting error corrections disclosed on 30 April 2021 which retrospectively adjusted our financial data from 2017 to 2019, as required, among others, under the Corporate Governance Rules and Information Disclosure Rules for Companies Listed on the NEEQ (全國中小企業股份轉讓系統掛牌公司治理規則) and (全國中小企業股份轉讓系統掛牌公司信息披露規則).

As advised by our PRC Legal Advisor, (i) the issue of the Warning Letter is an administrative regulatory measure of the NEEQ, which does not fall under an administrative penalty. Thus, the issue of the Warning Letter is not an administrative penalty that would affect our Company's suitability for the **[REDACTED]** and/or the Direction's integrity, instead it is an administrative regulatory measure which is minor and mild in nature; (ii) the Warning Letter will not affect eligibility of our Company to file with the CSRC for the offering and listing in accordance with the laws and regulations of the PRC; (iii) the Warning Letter will not affect the eligibility of Mr. Zhang Fuquan and Ms. Wang to serve as a director, supervisor or senior management member of any PRC companies (including listed companies); and (iv) the incident did not constitute material and systemic non-compliance.

The occurrence of the non-compliance incident, namely, failure to make timely disclosures and accurate financial reporting was due to inadvertent mistake by our Company without taking timely and professional advice at the time. Our Board is of the view that the incident is an immaterial non-compliance and is not an integrity non-compliance incident nor systemic non-compliance nor material non-compliance having taken into account that: (i) the incident is minor and one-off in nature, (ii) the incident and the Warning Letter did not give rise to significant financial penalties nor result in closure of material operating facilities given that no monetary fine or other penalty was imposed on our Company, Mr. Zhang Fuquan or Ms. Wang, (iii) the non-compliance incident was unintentional as our Company, Mr. Zhang Fuquan and Ms. Wang had no intention to conceal the incident to mislead the **[REDACTED]** or regulators and our Company proactively conducted prior period accounting restatements and supplementary disclosures as soon as we became aware of the requirements; and (iv) the incident did not involve any investigation, hearing, proceeding or judicial proceeding of Mr. Zhang Fuquan or Ms. Wang. Furthermore, our Directors are of the view that the incident was a result of oversight and did not involve any fraud, dishonesty or gross negligence on the part of our Company, Mr. Zhang Fuquan or Ms. Wang and believe that there is no reason to cast doubt on the integrity of Mr. Zhang Fuquan or Ms. Wang. We have also strengthened our internal control policy by identifying disclosure obligations under Listing Rules and applicable accounting standard, and defining clear accountability for disclosure matters, designating relevant personnel to supervise and streamline our compliance workflow to prevent recurrence of similar incidents.

Considering the foregoing, our Directors consider and the Sole Sponsor concurs, that the incident does not affect the suitability of Mr. Zhang Fuquan and Ms. Wang to act as Directors under Rules 3.08 and 3.09, and our Company's suitability for **[REDACTED]** under Rule 8.04 of the Listing Rules.

Our Directors, to the best of their knowledge and belief, confirmed that save as disclosed above:

(i) during the period that our Company was listed on the NEEQ:

a. we had no instances of non-compliance with the rules of the NEEQ in any material respects and our Company and our then Directors had been in compliance in all material respects with all applicable rules and regulations of the NEEQ and PRC securities law; and

b. our Company had not been subject to any administrative penalty by the NEEQ and/or any relevant law enforcement authority or regulator related to securities supervision; and

(ii) there are no further matters in relation to the prior listing of our Company on the NEEQ and the subsequent withdrawal that needs to be brought to the attention of the Stock Exchange, our Shareholders or **[REDACTED]**.

The Sole Sponsor concurs with the view of the Directors that there is no other matter in relation to the prior listing of our Company on the NEEQ and the subsequent withdrawal that needs to be brought to the attention of the Stock Exchange or **[REDACTED]**.

OTHER PREVIOUS LISTING ATTEMPT

In August 2022, we entered into a tutoring agreement (the "**Tutoring Agreement**") with Northeast Securities Co., Ltd. in connection with a proposed listing on the Beijing Stock Exchange and a planned preliminary filing (上市輔導備案) (the "**Proposed Listing**") with the Shandong Regulatory Bureau of CSRC (中國證券監督管理委員會山東監管局). No formal preliminary filing was subsequently made by our Company under the Tutoring Agreement. By voluntarily delisting our Shares from the NEEQ in October 2023, we abandoned the Proposed List plan. The Sole Sponsor concurs with the view of the Directors that there is no other matter in relation to the Proposed Listing that needs to be brought to the attention of the Stock Exchange or **[REDACTED]**.

Meanwhile our Directors consider the Stock Exchange, as an internationally recognised and reputable stock exchange, to be an appropriate **[REDACTED]** venue to provide as a good platform to access the international equity market and to expand our business.

We may conduct **[REDACTED]** at an appropriate time after the **[REDACTED]**. As at the Latest Practicable Date, we had not determined the size or the **[REDACTED]**. Save as the aforesaid application for the Proposed Listing, we have not submitted any application to any recognised stock exchange in the PRC for approval of A share listing as at the Latest Practicable Date. There is no assurance that we will conduct **[REDACTED]** in the future.

[REDACTED]

All of the Domestic Unlisted Shares held by the existing Shareholders (representing approximately **[REDACTED]**% of our Shares in issue immediately following the completion of the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**)) will be **[REDACTED]** and will be **[REDACTED]** following the completion of the **[REDACTED]**. Immediately after the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**), no less than **[REDACTED]** of the total issued Shares will be held by the public in accordance with Rule 8.08 of the Listing Rules.

[REDACTED]

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H 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: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Take into consideration the number of issued share capital of our Company and **[REDACTED]** to be **[REDACTED]** under the **[REDACTED]**, the expected market value of the **[REDACTED]** being held by the public and not subject to any disposal restrictions at the time of Listing under Rule 19A.13C of the Listing Rules would represent approximately **[REDACTED]** of the total number of issued shares in the class to which **[REDACTED]** belong at the time of **[REDACTED]** (excluding treasury shares), with an expected market value of approximately **[REDACTED]** (assuming that (i) **[REDACTED]** is fixed of **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range stated in this document); and (ii) the **[REDACTED]** is not exercised).

At the time of **[REDACTED]**, our Company is expected to satisfy the **[REDACTED]** requirement under Rule 19A.13C of the Listing Rules, with sufficient **[REDACTED]** held by the public and not subject to any disposal restrictions.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor has confirmed that the shareholding structure and changes, capital reduction, capital increase and share transfers in respect of our Company in the PRC in "– Establishment and Development of our Company" above have been registered with local registration authorities of the PRC in accordance with applicable PRC laws and regulations. Further, the dissolution of our subsidiaries and branch office have been duly completed and registered.