

## **HISTORY, DEVELOPMENT AND REORGANISATION**

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### **OUR BUSINESS DEVELOPMENT**

The history of our Group can be traced back to 2003 when Mr. Ma (chairman of our Board, our chief executive officer, executive Director and a Controlling Shareholder) founded Eternity Technology, together with his brother-in-law Mr. Cheng (our executive Director and a Controlling Shareholder). Mr. Ma has extensive experience in the electronics manufacturing service industry in the PRC. For details, please refer to the section headed "Directors and Senior Management" in this document. In May 2005, Mr. Ma, being confident in the prospects of the electronics manufacturing service industry in the PRC, established Shenzhen Hengchang Sheng, our major operating subsidiary, together with Mr. Cheng and has since served a management role in the company. Through a number of share transfers and allotments, immediately before our Reorganisation, Shenzhen Hengchang Sheng was owned as to approximately 62.91% by Mr. Ma, 20.00% by Ms. Chen (our executive Director and a Controlling Shareholder), approximately 14.89% by Ms. Cheng Lihong (spouse of Mr. Ma, elder sister of Mr. Cheng and a Controlling Shareholder), and approximately 2.20% by Mr. Cheng.

The following are the major developments and milestones of our Group to date:

<b>Year</b>	<b>Milestones</b>
2003	Eternity Technology was incorporated in Hong Kong
2005	Shenzhen Hengchang Sheng was established in the PRC and commenced its business of SMT processing for electronic products, sales and technology development
2005	Shenzhen Hengchang Sheng was accredited with the ISO 9001 certification in relation to quality management system
2009	Shenzhen Hengchang Sheng was accredited with the ISO 14001 certification in relation to environmental management system
2010	Shenzhen Hengchang Sheng was awarded the best business partner award by Customer O, a company listed on the Main Board of the Stock Exchange
2012	We established our Shenzhen Production Plant located in Pingshan District, Shenzhen, Guangdong Province, the PRC
2013	Shenzhen Hengchang Sheng was awarded the best delivery award by Customer A  Shenzhen Hengchang Sheng has become a corporate member of IPC Association Connecting Electronics Industries
2016	Shenzhen Hengchang Sheng has been granted the status of High and New Technology Enterprise  Shenzhen Hengchang Sheng was awarded the outstanding cooperation partner award by Customer B  Shenzhen Hengchang Sheng was awarded the quality service & integrity award by Customer G

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Year	Milestones
	Shenzhen Hengchang Sheng was awarded the best delivery award by Customer H
2017	Shenzhen Hengchang Sheng was awarded the Customer B's strategic cooperation partner award by Customer B
	Shenzhen Hengchang Sheng was awarded the best supplier award by Customer D
	Shenzhen Hengchang Sheng was awarded the best quality award by Customer H
	Shenzhen Hengchang Sheng was awarded the best ten taxpayer by SAT of Pingshan District of Shenzhen City* (深圳市坪山區國家稅務局)
2018	Shenzhen Hengchang Sheng has become an honourable member of Shenzhen City Pingshan District Rainbow Road (Charitable) Support Association* (深圳市坪山新區彩虹之路(慈善)幫扶協會)

### OUR CORPORATE HISTORY

#### Our company

Our Company was incorporated in the Cayman Islands on 15 March 2017. Upon completion of the Reorganisation, our Company became the holding company of our Group, the details of which are set out in the paragraph headed "Reorganisation" below in this section.

#### Shenzhen Hengchang Sheng

Shenzhen Hengchang Sheng was established on 9 May 2005 as a limited liability company under the PRC laws for carrying on the business of SMT processing for electronic products, sales and technology development. The registered capital of Shenzhen Hengchang Sheng of RMB500,000 was fully paid up on 28 April 2005 by Mr. Ma and Mr. Cheng with their own personal savings accumulated from previous employments. The equity holding structure of Shenzhen Hengchang Sheng upon establishment was as follows:

Name of equity holder(s)	Registered capital RMB	Percentage
Mr. Ma	450,000	90%
Mr. Cheng	<u>50,000</u>	<u>10%</u>
<b>Total:</b>	<u><u>500,000</u></u>	<u><u>100%</u></u>

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In September 2006, for the purpose of increasing the working capital of Shenzhen Hengchang Sheng, the registered capital of Shenzhen Hengchang Sheng was increased by RMB1,500,000 to RMB2,000,000, of which RMB1,100,000 was contributed by Mr. Ma, and RMB400,000 was contributed by Ms. Cheng Lihong, the spouse of Mr. Ma and elder sister of Mr. Cheng, with her own personal savings accumulated from previous employments. After the aforesaid increase in registered capital, the equity holding structure of Shenzhen Hengchang Sheng was as follows:

Name of equity holder(s)	Registered capital RMB	Percentage
Mr. Ma	1,550,000	77.5%
Ms. Cheng Lihong	400,000	20%
Mr. Cheng	<u>50,000</u>	<u>2.5%</u>
<b>Total:</b>	<u><u>2,000,000</u></u>	<u><u>100%</u></u>

In March 2009, the registered capital of Shenzhen Hengchang Sheng was increased to RMB5,000,000 pursuant to the shareholder resolutions on 25 February 2009 for the purpose of increasing working capital. After the aforesaid increase in registered capital, the equity holding structure of Shenzhen Hengchang Sheng was as follows:

Name of equity holder(s)	Registered capital RMB	Percentage
Mr. Ma	3,550,000	71%
Ms. Cheng Lihong	1,400,000	28%
Mr. Cheng	<u>50,000</u>	<u>1%</u>
<b>Total:</b>	<u><u>5,000,000</u></u>	<u><u>100%</u></u>

In April 2011, the registered capital of Shenzhen Hengchang Sheng was further increased to RMB12,000,000 pursuant to the shareholder resolutions on 7 March 2011 to cater its working capital needs. After the aforesaid increase in registered capital, the equity holding structure of Shenzhen Hengchang Sheng was as follows:

Name of equity holder(s)	Registered capital RMB	Percentage (Approximate)
Mr. Ma	7,550,000	62.91%
Ms. Cheng Lihong	4,400,000	36.67%
Mr. Cheng	<u>50,000</u>	<u>0.42%</u>
<b>Total:</b>	<u><u>12,000,000</u></u>	<u><u>100%</u></u>

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In July 2014, Ms. Chen, who had been a senior management of Shenzhen Hengchang Sheng since August 2007, was confident in the prospects of the electronics manufacturing industry and decided to invest in Shenzhen Hengchang Sheng with her own personal savings accumulated from previous employments. At the same time, Mr. Cheng intended to increase his equity holding in Shenzhen Hengchang Sheng which had been diluted by various increases in registered capital. As a result, on 12 August 2014, Ms. Cheng Lihong as vendor, and Ms. Chen and Mr. Cheng as purchasers, entered into an equity transfer agreement, pursuant to which Ms. Chen and Mr. Cheng acquired from Ms. Cheng Lihong 20% and 1.78% equity interest in Shenzhen Hengchang Sheng at considerations of RMB2,400,000 and RMB213,400, respectively, which were determined with reference to the then registered capital of Shenzhen Hengchang Sheng. The said considerations were settled by cash in or about August 2014.

After the aforesaid equity transfers, the equity holding structure of Shenzhen Hengchang Sheng was as follows:

Name of equity holder(s)	Registered capital RMB	Percentage (Approximate)
Mr. Ma	7,550,000	62.91%
Ms. Chen	2,400,000	20.00%
Ms. Cheng Lihong	1,786,600	14.89%
Mr. Cheng	<u>263,400</u>	<u>2.20%</u>
<b>Total:</b>	<u><u>12,000,000</u></u>	<u><u>100%</u></u>

On 27 March 2017, the registered capital of Shenzhen Hengchang Sheng was increased from RMB12,000,000 to RMB12,631,579. The capital increase was contributed by the investment from In Good Investment, a company indirectly wholly-owned by the [REDACTED] Investor, in a sum of RMB919,195, of which RMB631,579 and RMB287,616 was used to increase the registered capital and capital reserve of Shenzhen Hengchang Sheng, respectively. The investment had been fully paid and settled on 27 April 2017. The said sum of investment was determined with reference to the net asset value of Shenzhen Hengchang Sheng based on valuation as at 30 September 2016. After the completion of the aforesaid capital increase, the equity holding structure of Shenzhen Hengchang Sheng was as follows:

Name of equity holder(s)	Registered capital RMB	Percentage (Approximate)
Mr. Ma	7,550,000	59.77%
Ms. Chen	2,400,000	19.00%
Ms. Cheng Lihong	1,786,600	14.14%
In Good Investment	631,579	5.00%
Mr. Cheng	<u>263,400</u>	<u>2.09%</u>
<b>Total:</b>	<u><u>12,631,579</u></u>	<u><u>100%</u></u>

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On 25 April 2017, as part of the Reorganisation, each of Mr. Ma, Ms. Chen, Ms. Cheng Lihong, Mr. Cheng and In Good Investment as vendor entered into an equity transfer agreement with Agreeable as purchaser, pursuant to which Agreeable acquired approximately 59.77%, 19%, 14.14%, 2.09% and 5% equity interest in Shenzhen Hengchang Sheng from Mr. Ma, Ms. Chen, Ms. Cheng Lihong, Mr. Cheng and In Good Investment, respectively, at cash consideration of RMB10,988,054, RMB3,492,940, RMB2,599,483, RMB384,223 and RMB919,195, respectively. The said considerations were determined with reference to the net asset value of Shenzhen Hengchang Sheng as at 30 September 2016 and the capital injection by the [REDACTED] Investor in April 2017 and were settled in around June 2017. After completion of the aforesaid equity transfer on 12 May 2017, Shenzhen Hengchang Sheng became a wholly foreign-owned enterprise and was wholly-owned by Agreeable.

Our PRC Legal Advisers confirmed that the registered capital of Shenzhen Hengchang Sheng had been fully paid up, and the establishment, equity transfers and capital injections as described above had been approved by, registered at and /or filed to the relevant competent authorities and were legally valid and effective.

### **Eternity Technology**

Eternity Technology was incorporated in Hong Kong with limited liability on 2 January 2003 and was owned as to 50% by Company Kit Secretarial Services Limited and Company Kit Registrations Limited, respectively, each of which was a former shareholder and/or secretary of Eternity Technology and is not otherwise connected with our Company or its connected persons.

As Mr. Ma wished to develop his overseas business, on 3 April 2003, Mr. Ma and Mr. Cheng Bin each acquired one share of Eternity Technology at a consideration of HK\$1, which was determined with reference to the then par value of the shares and was settled by cash in or around April 2003. After the aforesaid share transfers, Eternity Technology was owned as to 50% by each of Mr. Ma and Mr. Cheng.

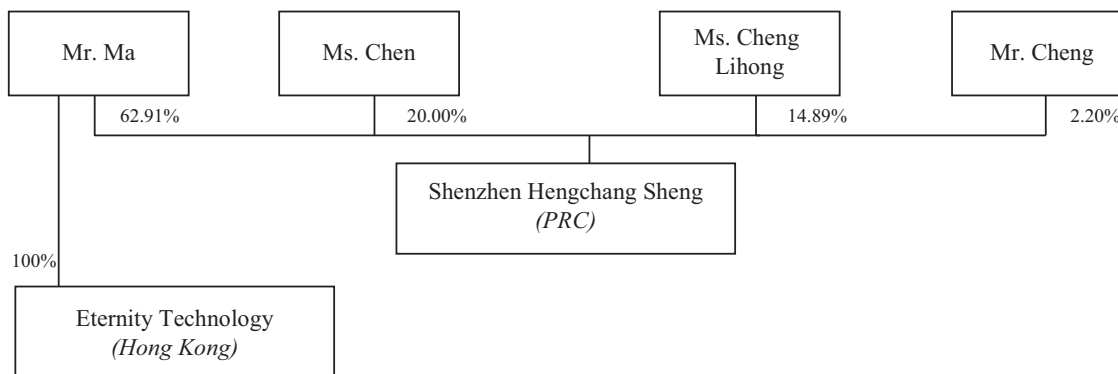
On 23 July 2007, as Mr. Cheng wished to focus on developing his career in the PRC, he transferred his one share in Eternity Technology to Mr. Ma at a consideration of HK\$1, which was determined with reference to the then par value of the shares and was settled in or around July 2007. After the aforesaid share transfer, Eternity Technology was wholly-owned by Mr. Ma.

As part of the Reorganisation, on 1 June 2017, Mr. Ma as vendor and Total United as purchaser entered into a sale and purchase agreement, pursuant to which Total United acquired two shares of Eternity Technology, representing the then entire issued shares of Eternity Technology, at a consideration of HK\$1,800,000, which was determined with reference to the net asset value of Eternity Technology as at 31 December 2016 and was settled in or around June 2017. Upon completion of the Reorganisation, Eternity Technology became our Company's indirect wholly-owned subsidiary. Eternity Technology is principally engaged in trading of electronic products.

## HISTORY, DEVELOPMENT AND REORGANISATION

### REORGANISATION

We set out below the corporate structure of our Group immediately before the Reorganisation:



In preparation for the [REDACTED], the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. The Reorganisation involved the following major steps:

#### 1. Incorporation of Rich Blessing

Rich Blessing was incorporated in the BVI on 13 February 2017. Upon incorporation, Rich Blessing was authorised to issue a maximum of 50,000 no par value shares of a single class. On 10 March 2017, 6,291, 2,000, 1,489 and 220 shares were allotted and issued to Mr. Ma, Ms. Chen, Ms. Cheng Lihong and Mr. Cheng, respectively at a consideration of US\$0.01 per share. Upon completion of such allotment and issue, the issued share capital of Rich Blessing was owned by Mr. Ma as to 62.91%, Ms. Chen as to 20.00%, Ms. Cheng Lihong as to 14.89% and Mr. Cheng as to 2.20%.

#### 2. Incorporation of our Company

On 15 March 2017, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One fully paid Share was allotted and issued to the subscriber on 15 March 2017, which was subsequently transferred to Rich Blessing on the same date, and 322 Shares and 17 Shares were allotted and issued, credited as fully paid, to Rich Blessing and In Good Investment respectively on the same date. On 17 May 2017, due to the business needs of the [REDACTED] Investor, In Good Investment transferred its 17 Shares to Elite Foster at par value, which was settled in or around May 2017. After the aforesaid allotment and transfer of Shares, our Company was owned as to 95% by Rich Blessing and 5% by Elite Foster.

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### 3. Incorporation of intermediary holding companies

- (a) Total United was incorporated in the BVI as an investment holding company with limited liability on 1 December 2016. On 23 March 2017, one fully paid share of Total United was allotted and issued to our Company at par.
- (b) Agreeable was incorporated in Hong Kong as an investment holding company with limited liability on 30 March 2017. One fully paid share was allotted and issued to the subscriber on 30 March 2017, which was subsequently transferred to Total United on 5 April 2017.

### 4. Capital injection by the [REDACTED] Investor

On 27 March 2017, the registered capital of Shenzhen Hengchang Sheng was increased from RMB12,000,000 to RMB12,631,579. The capital increase was contributed by the investment from In Good Investment, a company indirectly wholly-owned by the [REDACTED] Investor, in a sum of RMB919,195, of which RMB631,579 and RMB287,616 was used to increase the registered capital and capital reserve of Shenzhen Hengchang Sheng, respectively. The investment had been fully paid and settled on 27 April 2017. For details, please refer to the paragraph headed "Our Corporate History — Shenzhen Hengchang Sheng" above in this section.

### 5. Acquisition of Shenzhen Hengchang Sheng

On 12 May 2017, Agreeable acquired approximately 59.77%, 19%, 14.14%, 2.09% and 5% equity interest in Shenzhen Hengchang Sheng from Mr. Ma, Ms. Chen, Ms. Cheng Lihong, Mr. Cheng and In Good Investment, respectively at cash consideration of RMB10,988,054, RMB3,492,940, RMB2,599,483, RMB384,223 and RMB919,195, respectively. For details, please refer to the paragraph headed "Our Corporate History — Shenzhen Hengchang Sheng" above in this section.

### 6. Subscription of Shares by the [REDACTED] Investor

On 18 May 2017, Elite Foster subscribed for 40 Shares of our Company at cash consideration of HK\$13,860,000, which was settled on the same day. After the aforesaid subscription of Shares, our Company was owned as to 85% by Rich Blessing and 15% by Elite Foster.

### 7. Acquisition of Eternity Technology

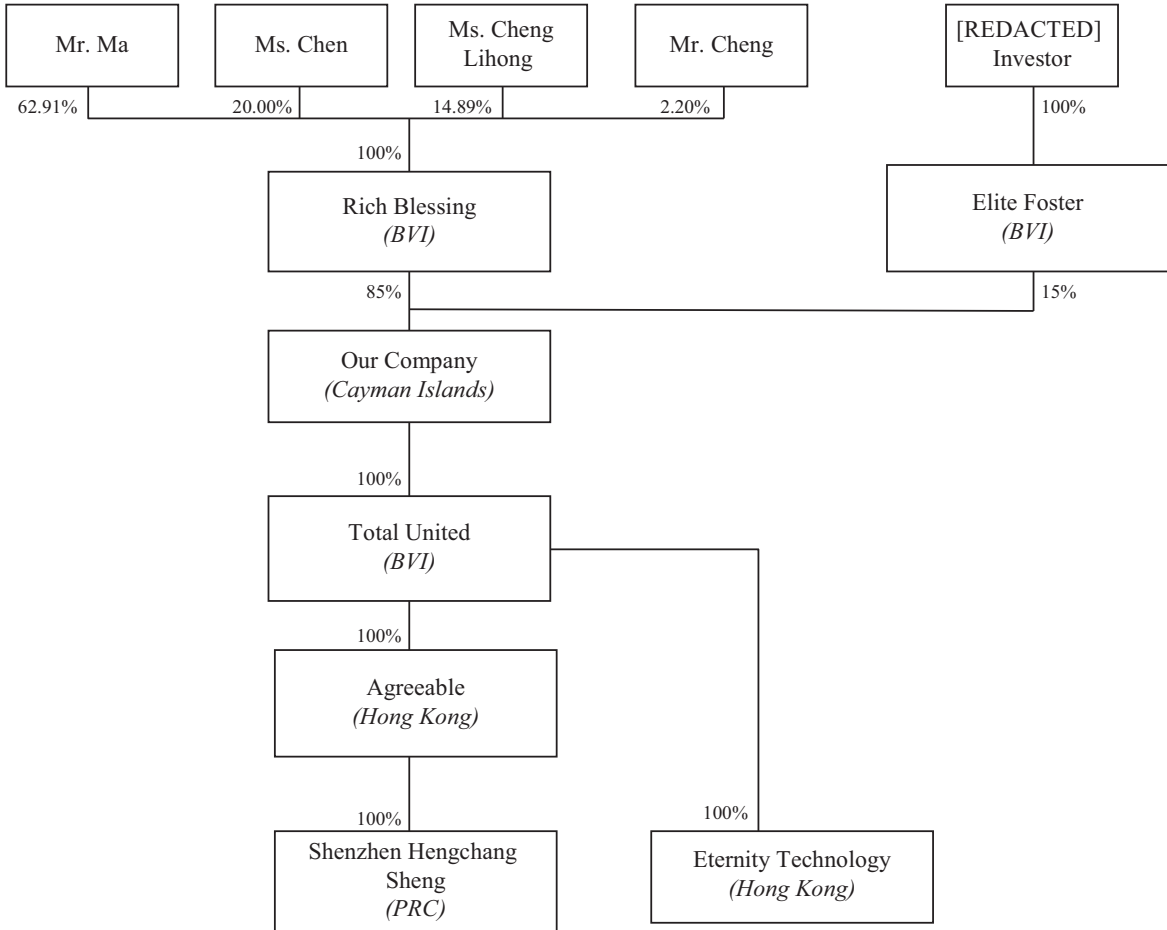
On 1 June 2017, Total United as purchaser and Mr. Ma as vendor entered into a sale and purchase agreement, pursuant to which Total United acquired the entire issued shares of Eternity Technology at cash consideration of HK\$1,800,000. For details, please refer to the paragraph headed "Our Corporate History — Eternity Technology" above in this section.

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8. Loan capitalisation by our Company

On 8 June 2017, our Company capitalised the full amount of the shareholder’s loans of HK\$21,500,000 and HK\$1,140,000 granted by Rich Blessing and Elite Foster respectively, for the purpose of satisfying our capital needs for acquisition of Shenzhen Hengchang Sheng and Eternity Technology as part of the Reorganisation, by allotment and issue of 85 and 15 ordinary Shares, credited as fully paid, to Rich Blessing and Elite Foster, respectively. After the aforesaid loan capitalisation, our Company remained owned as to 85% by Rich Blessing and 15% by Elite Foster.

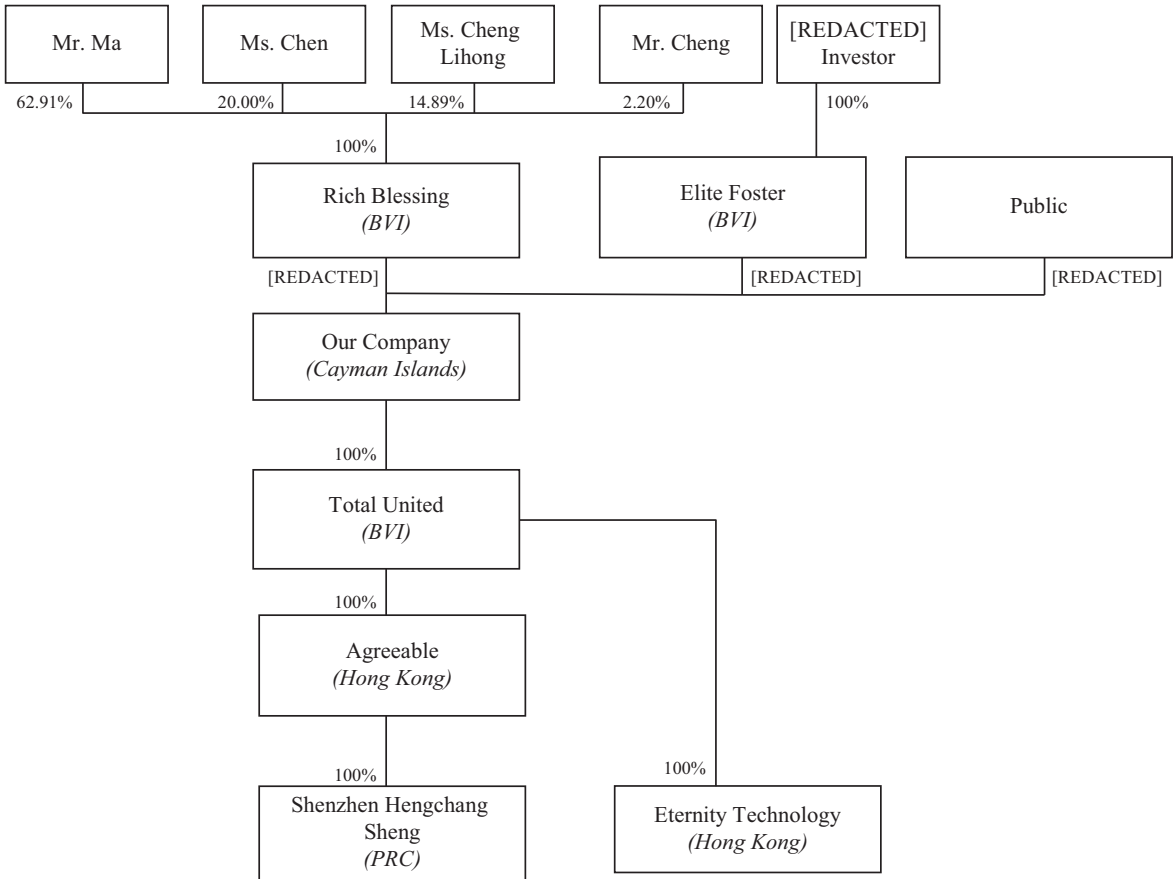
We set out below the corporate structure of our Group after completion of the Reorganisation but immediately before the [REDACTED] and the [REDACTED]:





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We set out below the corporate structure of our Group after completion of the Reorganisation and immediately upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and any options that may be granted under the Share Option Scheme):



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### **[REDACTED] INVESTMENT**

#### **Background of the [REDACTED] Investor**

Elite Foster is an investment holding company incorporated in the BVI with limited liability on 3 December 2015 and is beneficially and wholly owned by the [REDACTED] Investor, who is the sole director of Elite Foster. In Good Investment is an investment holding company incorporated in Hong Kong with limited liability on 8 February 2017 and is beneficially and wholly owned by Elite Foster. The [REDACTED] Investor is also the sole director of In Good Investment. Prior to his investment in our Group, the [REDACTED] Investor and his associates were Independent Third Parties and had no transaction or relationship with our Group or the Controlling Shareholders. The [REDACTED] Investor will be our substantial Shareholder upon [REDACTED] and thus the Shares held by Elite Foster will not be counted towards the public float. To the best knowledge and belief of our Directors, the [REDACTED] Investor decided to invest in our Group in view of the prospects and growth potential of our Group.

#### **Investment**

On 27 March 2017, the registered capital of Shenzhen Hengchang Sheng was increased from RMB12,000,000 to RMB12,631,579. The capital increase was contributed by the investment from In Good Investment, a company indirectly wholly-owned by the [REDACTED] Investor, in a sum of RMB919,195, of which RMB631,579 and RMB287,616 was used to increase the registered capital and capital reserve of Shenzhen Hengchang Sheng, respectively. The investment had been fully paid and settled on 27 April 2017. After completion of the capital increase, In Good Investment held 5% equity interest in Shenzhen Hengchang Sheng. Subsequently as part of the Reorganisation, the [REDACTED] Investor, through Elite Foster, held 5% of the issued share capital of our Company and the 5% equity interest in Shenzhen Hengchang Sheng held by In Good Investment was transferred to Agreeable at cash consideration of RMB919,195. For details, please refer to the paragraphs headed "Our Corporate History — Shenzhen Hengchang Sheng" and "Reorganisation" above in this section.

On 18 May 2017, Elite Foster subscribed for 40 Shares of our Company at cash consideration of HK\$13,860,000, which was settled on the same day. After the aforesaid subscription of Shares, Elite Foster held 15% of the issued share capital of our Company. On 8 June 2017, our Company capitalised the full amount of the shareholder's loan of HK\$1,140,000 granted by Elite Foster, for the purpose of satisfying our capital needs for acquisition of Shenzhen Hengchang Sheng and Eternity Technology as part of the Reorganisation, by allotment and issue of 15 Shares, credited as fully paid, to Elite Foster. After the aforesaid loan capitalisation, our Company remained owned as to 15% by Elite Foster. For details, please refer to the paragraph headed "Reorganisation" above in this section.

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The following sets out the summary of the [REDACTED] investment:

<b>Net amount of consideration</b>	HK\$15,000,000
<b>Date on which consideration was fully paid</b>	23 May 2017
<b>Cost per Share paid under [REDACTED] investment (Note 1)</b>	HK\$[REDACTED] per Share
<b>Basis of determination of the consideration</b>	The consideration was determined based on an arm's length negotiation taking into consideration the respective unaudited net asset value of Shenzhen Hengchang Sheng and Eternity Technology as at 30 September 2016 and 31 December 2016, respectively and our estimated future performance and business plans.
<b>Discount to the [REDACTED] (based on the mid-point of the indicative [REDACTED] range)</b>	Approximately [REDACTED]%
<b>[REDACTED] from the [REDACTED] investment (Note 2)</b>	Mainly as general working capital of our Group
<b>Benefit from the [REDACTED] Investment</b>	Our Directors are of the view that the [REDACTED] investment (i) serves as a source of additional working capital to our Group and provides immediate funding available for our Group's business operation; (ii) enlarges our shareholder base; and (iii) brings in connections beneficial to our Group's development and potentially broaden our potential customer base given the investments and connections in the PRC and Hong Kong of the [REDACTED] Investor
<b>Approximate shareholding upon [REDACTED] (Note 1)</b>	[REDACTED]%

*Notes:*

- (1) Based on the [REDACTED] Shares to be held by Elite Foster upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme).
- (2) As at the Latest Practicable Date, the [REDACTED] from the [REDACTED] investment had not been fully utilised.

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### **Sponsor's confirmation**

Given that (i) no special rights have been granted to the [REDACTED] Investor in respect of his investment through his wholly-owned companies; and (ii) the investment having been completed more than 28 clear days before the date of submission of the [REDACTED] application, the Sponsor is of the view that the [REDACTED] investment is in compliance with the "Interim Guidance on [REDACTED] Investments" (HKEx-GL29-12) and the "Guidance on [REDACTED] Investments" (HKEx-GL43-12) issued by the Stock Exchange.

### **PRC REGULATORY ISSUES RELATING TO THE REORGANISATION AND THE [REDACTED]**

Our PRC Legal Advisers have advised that Shenzhen Hengchang Sheng was already a foreign-invested enterprise at the time of its acquisition by Agreeable, and there was no acquisition of a PRC company where equity interests were paid as consideration throughout the history of the Group. Accordingly, the Provisions on Merger and Acquisition 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") are not applicable to the Reorganisation and the [REDACTED], and the Reorganisation and the [REDACTED] are not subject to approval from the China Securities Regulatory Commission (中國證券監督管理委員會).

Pursuant to SAFE Circular No. 37 and SAFE Circular No. 13, where PRC residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with a designated foreign exchange bank branches with respect to their investments. The PRC residents are also required to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

According to our PRC Legal Advisers, Mr. Ma, Ms. Chen, Ms. Cheng Lihong and Mr. Cheng, as PRC residents, are required to register with a designated foreign exchange bank. In March 2017, Mr. Ma, Ms. Chen, Ms. Cheng Lihong and Mr. Cheng completed the registration process under the SAFE Circular No. 37 and SAFE Circular No. 13.