
CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with Arda (HK) Investment Co., Limited (“**Arda Investment**” or the “**Cornerstone Investor**”), pursuant to which, subject to certain conditions precedent, the Cornerstone Investor has agreed to subscribe, at the Offer Price, for certain number of our Offer Shares (rounded down to the nearest whole board lot of 5,000 Shares) that may be purchased for with an amount of HK\$30.0 million as part of the International Placing (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$0.50 per Offer Share, being the low end of the range of the Offer Price set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investor would be 60,000,000, representing (i) approximately 24.0% of the Offer Shares and approximately 6.0% of the total issued share capital upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, or (ii) approximately 20.9% of the Offer Shares and approximately 5.8% of the total issued share capital upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme.

Based on the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the range of the Offer Price set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investor would be 54,545,000, representing, (i) approximately 21.8% of the Offer Shares and approximately 5.5% of the total issued share capital upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, or (ii) approximately 19.0% of the Offer Shares and approximately 5.3% of the total issued share capital upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme.

Based on the Offer Price of HK\$0.60 per Offer Share, being the high end of the range of the Offer Price set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investor would be 50,000,000, representing, (i) approximately 20.0% of the Offer Shares and approximately 5.0% of the total issued share capital upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, or (ii) approximately 17.4% of the Offer Shares and approximately 4.8% of the total issued share capital upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme.

The Directors believe that introducing the Cornerstone Investor to the Global Offering can secure the subscription of a certain amount of the Offer Shares, thus reducing the risk of unsuccessful issuance under volatile market conditions. In addition, we are of the view that the investment of the Cornerstone Investor demonstrate to the potential investors that the Cornerstone Investor is confident in our business and prospects.

The Cornerstone Placing forms part of the International Placing, and the Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment

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Agreement). The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Shares in issue upon completion of the Global Offering and will be counted towards the public float of our Company.

Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company, nor will the Cornerstone Investor become a substantial shareholder of us (as defined under the Listing Rules).

To the best knowledge of our Directors, the Cornerstone Investor is a third party independent from our Company, not our connected person and not our existing shareholder or its close associates. In addition, we confirm that (i) there are no side agreements or arrangements between us and the Cornerstone Investor; (ii) the Cornerstone Investor is not accustomed to take instructions from us, our Directors, chief executive, our Controlling Shareholders, our substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal or other disposition of the Offer Shares; and (iii) the subscription of the Shares by the Cornerstone Investor is not financed by us, our Directors, chief executive, our Controlling Shareholders, our substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates.

As confirmed by the Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal financial resources and/or the financial resources of its controlling shareholder. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing, none of the Cornerstone Investor or its shareholders are listed on any stock exchange and no specific approval from any stock exchange is required for the Cornerstone Placing.

If there is over-allocation in the International Placing, there may be deferred delivery of the Offer Shares to be subscribed for by the Cornerstone Investor under the Cornerstone Placing. The Cornerstone Investor has agreed that the Sole Overall Coordinator may, in its sole discretion, defer the delivery of all or part of the Offer Shares that the Cornerstone Investor has subscribed for to a date later than the Listing Date. The Cornerstone Investor who has agreed to a potential delayed delivery arrangement, has agreed to pay for the relevant Offer Shares that it has subscribed for before dealings in the Offer Shares commence on the Stock Exchange. As such, there will be no deferred settlement for the investment amount. The Offer Shares to be subscribed for by the Cornerstone Investor may be affected by the reallocation in the event of over-subscription under the Hong Kong Public Offering. See “Structure and Conditions of the Global Offering — the Hong Kong Public Offering — Reallocation” for details. Details of the allocation to the Cornerstone Investor will be disclosed in the allotment results announcement in the Hong Kong Public Offering to be published on or around December 14, 2022.

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The following table summarizes the details of the Cornerstone Placing:

Cornerstone Investor	Subscription amount	Number of Offer Shares	Assuming the Over-Allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme		Assuming the Over-Allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme	
			Approximate % of Offer Shares	Approximate % of issued share capital immediately following the completion of the Global Offering	Approximate % of Offer Shares	Approximate % of issued share capital immediately following the completion of the Global Offering
	<i>HK\$</i>	<i>(rounded down to nearest whole board lot of 5,000 shares)</i>				
Based on an Offer Price of HK\$0.50 (being the low-end of the Offer Price range)						
Arda Investment	30,000,000	60,000,000	24.0%	6.0%	20.9%	5.8%
Based on an Offer Price of HK\$0.55 (being the mid-point of the Offer Price range)						
Arda Investment	30,000,000	54,545,000	21.8%	5.5%	19.0%	5.3%
Based on an Offer Price of HK\$0.60 (being the high-end of the Offer Price range)						
Arda Investment	30,000,000	50,000,000	20.0%	5.0%	17.4%	4.8%

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The information about the Cornerstone Investor set forth below has been provided by the Cornerstone Investor in connection with the Cornerstone Placing.

Arda Investment was incorporated in Hong Kong on December 9, 2009 and is principally engaged in equity investment. Arda Investment is ultimately controlled by Mr. Hu Zhong Huai (胡忠懷) (“**Mr. Hu**”), an Independent Third-Party.

Mr. Hu is an acquaintance of Mr. Xu, our non-executive Director and chairman of the Board. Mr. Hu is a PRC national and got to know our Group through Buyang Wheel, an operating subsidiary of our Group, which is a well-known local company in Yongkang City, Zhejiang Province, the PRC. Mr. Hu is a businessman and entrepreneur in home appliances business and has substantial investment experience. Mr. Hu’s investments mainly focus on manufacturing industry. Mr. Hu is a non-executive director and the single largest shareholder of Casa Holdings Limited, which is a company listed on the Mainboard of Singapore Exchange Securities Trading Limited (SGX: C04). Mr. Hu conducts his principal business through Arda (Zhejiang) Electrical Co., Ltd.* (浙江安德電器有限公司), of which he is a major shareholder and an executive director. Meanwhile, to the best knowledge of our Directors, Mr. Hu also has investments in Zhejiang Heng Jin Tong Sheng Venture

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Investment Partnership (limited partnership)* (浙江恒晋同盛創業投資合夥企業 (有限合夥)), Zhejiang Melox Electric Appliance Co., Ltd.* (浙江美樂克斯電器股份有限公司) and other companies. Mr. Hu holds a Bachelor of International Business degree from the University of Victoria, Canada.

CLOSING CONDITIONS

The subscription obligation of the Cornerstone Investor under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Placing being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed according to the underwriting agreements and the price determination agreement to be signed among the parties thereto in connection with the Global Offering;
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months starting from and inclusive of the Listing Date (the “**Lock-up Period**”), directly or indirectly, dispose of, in any way, any of the Shares subscribed for by it under the Cornerstone Investment Agreement (the “**Investor Shares**”), and any shares or other securities of or interests in our Company which are derived from the Investor Shares pursuant to any rights issue, capitalization issue or other form of capital reorganization (whether such transactions are to be settled in cash or otherwise) (together with the Investor Shares, the “**Relevant Shares**”) or any interest in any company or entity holding any Relevant Shares; (ii) agree or contract to, or publicly announce any intention to enter into a transaction with a third party for disposal of the Relevant Shares; (iii) grant any call option (whether physical or cash settled) or similar right to any third party in respect of any Share; (iv) acquire any put option (whether physical or cash settled) or similar right in respect of any Share; (v) comes into a short position (within the definition of the SFO) in respect of any Relevant Shares; (vi) allow itself to undergo a change of control (as defined in The Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC) at the level of its ultimate beneficial owner; or (vii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction. In the event of a

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disposal of any Relevant Shares at any time after the Lock-up Period, the Cornerstone Investor will ensure that such disposal will comply with all applicable laws, and will use its best endeavors to ensure that any such disposal does not create a disorderly or false market in our Shares.