
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT

Overview

Our history began in 2012 with the establishment of Shenzhen Wulian. We have since then been led by our founders, Dr. Chen and Ms. Wang, a married couple. As an engineer, Dr. Chen is an industry veteran with more than 25 years of experience in the telecommunication industry, especially the research and development of antenna system products, while Ms. Wang has extensive administrative and human resources experience in the telecommunication field. For more details of Dr. Chen and Ms. Wang’s biographies, see “Directors and Senior Management” in this Document. During the Track Record Period, we mainly provided customized IoT solutions to customers in various industries, and also researched, developed and sold telecommunication equipment. With our product knowledge, patented technology and in-depth industry network, we have become a one-stop IoT solutions and telecommunication equipment provider with 5G technologies adopted in the PRC.

Business Milestones

The following is a summary of our Group’s key business development milestones:

<u>Year</u>	<u>Key Milestones</u>
2012	Established Shenzhen Wulian, one of our major operating subsidiaries
2013	Established Nanjing Howking, one of our major operating subsidiaries
2016	Nanjing Howking was first accredited as the High and New Technology Enterprise (高新技術企業) by the local government authorities of Jiangsu Province
2018	Commenced the provision of IoT solutions to customers in various industries

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Year	Key Milestones
2019	<ul style="list-style-type: none">• Shenzhen Wulian was first accredited as the High and New Technology Enterprise (高新技術企業) by the local government authorities of Shenzhen• Shenzhen Wulian first joined the Shenzhen Industrial Internet Industry Association (深圳市工業互聯網行業協會)
2020	<ul style="list-style-type: none">• Set foot in the private 5G network market in the PRC through upgrading our IoT solutions with the application of 5G technologies• Nanjing Howking has become a member of the Communication Industry Association of Jiangsu Province (江蘇省通信行業協會)• Completed Series A [REDACTED] investments to introduce strategic investors to our Group in preparation of the [REDACTED]
2021	<ul style="list-style-type: none">• Nanjing Howking had been recognized as Nanjing Cultivated Unicorn Company (南京市培育獨角獸企業) for two consecutive years from 2020 to 2021• Completed Series B [REDACTED] investments to further introduce strategic investors to our Group
2022	Completed Series B+ [REDACTED] investment to introduce a new institutional investor to our Group

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CORPORATE DEVELOPMENT

Set out below are the corporate history and shareholding changes of the operating subsidiaries of our Group upon [REDACTED].

Nanjing Howking

Nanjing Howking is our major operating subsidiary which made significant contribution to our results of operations during the Track Record Period. Nanjing Howking was established in the PRC with limited liability on September 29, 2013. It is principally engaged in the research and development and sales of antenna system products, 5G telecommunication equipment and other devices. The following table sets out the corporate development of Nanjing Howking since its establishment and prior to the Reorganization:

<u>Date</u>	<u>Change</u>	<u>Registered share capital immediately after the change</u>	<u>Shareholding percentage immediately after the change</u>
Upon establishment	–	RMB1,000,000	Ms. Wang ⁽¹⁾ (100%)
September 12, 2014	Increase in registered capital of RMB19,000,000 subscribed by Ms. Wang	RMB20,000,000	Ms. Wang ⁽¹⁾ (100%)
March 17, 2015	Increase in registered capital of RMB30,000,000 subscribed by Ms. Jin ⁽²⁾	RMB50,000,000	(i) Ms. Wang ⁽¹⁾ (40%); (ii) Ms. Jin ⁽²⁾ (60%)
May 11, 2015	Reduction in registered capital of RMB7,500,000 subscribed by Ms. Jin ⁽²⁾	RMB42,500,000	(i) Ms. Wang ⁽¹⁾ (47%); (ii) Ms. Jin ⁽²⁾ (53%)
July 10, 2015	Increase in registered capital of RMB7,500,000 subscribed by Ms. Jin as to RMB2,500,000 and Mr. Xu Guoquan (徐國權) (“Mr. Xu”) as to RMB5,000,000 ⁽³⁾	RMB50,000,000	(i) Ms. Wang ⁽¹⁾ (40%); (ii) Ms. Jin ⁽²⁾ (50%); and (iii) Mr. Xu ⁽³⁾ (10%)
September 22, 2017	Reduction in registered capital of RMB40,000,000 subscribed by the shareholders pro rata to their respective shareholding	RMB10,000,000	(i) Ms. Wang ⁽¹⁾ (40%); (ii) Ms. Jin ⁽²⁾ (50%); and (iii) Mr. Xu ⁽³⁾ (10%)

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<u>Date</u>	<u>Change</u>	<u>Registered share capital immediately after the change</u>	<u>Shareholding percentage immediately after the change</u>
January 6, 2018	Increase in registered capital of RMB1,111,100 subscribed by Qianhai Sitong ⁽⁴⁾	RMB11,111,100	(i) Ms. Wang ⁽¹⁾ (36%); (ii) Ms. Jin ⁽²⁾ (45%); (iii) Mr. Xu ⁽³⁾ (9%); and (iv) Qianhai Sitong ⁽⁴⁾ (10%)
December 10, 2018	Transfer of 4% and 5% equity interest from Mr. Xu to Ms. Wang and Ms. Jin, respectively ⁽³⁾	RMB11,111,100	(i) Ms. Wang ⁽¹⁾ (40%); (ii) Ms. Jin ⁽²⁾ (50%); and (iii) Qianhai Sitong ⁽⁴⁾ (10%)
September 10, 2019	Transfer of 10% equity interest from Qianhai Sitong to Shanghai Juyi ⁽⁴⁾	RMB11,111,100	(i) Ms. Wang ⁽¹⁾ (40%); (ii) Ms. Jin ⁽²⁾ (50%); and (iii) Shanghai Juyi ⁽⁵⁾ (10%)
October 20, 2019	Transfer of 0.6%, 1.4% and 2% equity interest from Shanghai Juyi to Ms. Ding Di (丁迪) (“ Ms. Ding ”), Zhangzhou Heze and Mr. Li Zhangpeng (李章鹏) (“ Mr. Li ”), respectively ⁽⁶⁾	RMB11,111,100	(i) Ms. Wang ⁽¹⁾ (40%); (ii) Ms. Jin ⁽²⁾ (50%); (iii) Shanghai Juyi ⁽⁵⁾ (6%); (iv) Ms. Ding ⁽⁶⁾ (0.6%); (v) Mr. Li ⁽⁶⁾ (2%); and (vi) Zhangzhou Heze ⁽⁶⁾ (1.4%)
December 19, 2019	(i) Transfer of 3.33%, 1.67% and 1% equity interest from Shanghai Juyi to Huixin Qianhai, Shenzhen Zhichen and Ningbo Qipu ⁽⁶⁾ ; and (ii) Increase in registered capital of RMB777,787 subscribed by Huixin Qianhai as to RMB166,676.5, Dongzheng Xiade as to RMB296,296 and Dongzheng Hande as to RMB314,814.5 ⁽⁶⁾	RMB11,888,887	(i) Ms. Wang ⁽¹⁾ (37.3828%); (ii) Ms. Jin ⁽²⁾ (46.7294%); (iii) Zhangzhou Heze ⁽⁶⁾ (1.3084%); (iv) Huixin Qianhai ⁽⁶⁾ (4.5171%); (v) Ms. Ding ⁽⁶⁾ (0.5607%); (vi) Mr. Li ⁽⁶⁾ (1.8692%); (vii) Shenzhen Zhichen ⁽⁶⁾ (1.5576%); (viii) Ningbo Qipu ⁽⁶⁾ (0.9346%); (ix) Dongzheng Xiade ⁽⁶⁾ (2.4922%); and (x) Dongzheng Hande ⁽⁶⁾ (2.6480%)

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<u>Date</u>	<u>Change</u>	<u>Registered share capital immediately after the change</u>	<u>Shareholding percentage immediately after the change</u>
January 16, 2020	Increase in registered capital of RMB185,185 subscribed by Huixin Qianhai ⁽⁶⁾	RMB12,074,072	(i) Ms. Wang ⁽¹⁾ (36.8095%); (ii) Ms. Jin ⁽²⁾ (46.0126%); (iii) Zhangzhou Heze ⁽⁶⁾ (1.2883%); (iv) Huixin Qianhai ⁽⁶⁾ (5.9816%); (v) Ms. Ding ⁽⁶⁾ (0.5521%); (vi) Mr. Li ⁽⁶⁾ (1.8405%); (vii) Shenzhen Zhichen ⁽⁶⁾ (1.5337%); (viii) Ningbo Qipu ⁽⁶⁾ (0.9202%); (ix) Dongzheng Xiade ⁽⁶⁾ (2.4540%); and (x) Dongzheng Hande ⁽⁶⁾ (2.6074%)

Notes:

- (1) Ms. Wang is the spouse of Dr. Chen. As a family arrangement between Dr. Chen and Ms. Wang, the relevant equity interests in Nanjing Howking was solely held by Ms. Wang.
- (2) Ms. Jin is the mother of Ms. Wang and the mother-in-law of Dr. Chen. Ms. Jin, who was optimistic about the then future prospect of Nanjing Howking and also willing to support Dr. Chen and Ms. Wang on the business development of Nanjing Howking, decided to invest in Nanjing Howking in 2015. Since the establishment/incorporation date of each of the companies of our Group, Ms. Wang and Ms. Jin have adopted a consensus approach to reach decisions on a unanimous basis in voting in their capacities as shareholders of our Group, pursuant to which they shall act collectively and uniformly from time to time in the exercise of voting rights, whether as a shareholder (including voting right at general meetings) and/or as a director (where they hold directorships in) of any companies of our Group. For further details, see “Relationship with our Controlling Shareholders - Our Controlling Shareholders” in this Document.
- (3) Mr. Xu was an Independent Third Party save for his investment in Nanjing Howking. As confirmed by the Company, in early 2015, Dr. Chen became acquainted with Mr. Xu, and in view of Mr. Xu’s extensive business network in the telecommunication industry, Dr. Chen invited Mr. Xu to invest in Nanjing Howking with a commitment of RMB5,000,000 for acquiring 10% equity interest of Nanjing Howking.

Subsequently, as part of the arrangements to facilitate Qianhai Sitong’s investment as agreed with Qianhai Sitong, in December 2018, Ms. Wang and Ms. Jin acquired the entire equity interest held by Mr. Xu in Nanjing Howking at nil consideration as his committed portion of the registered capital of Nanjing Howking was yet to be paid up at the time of the transfer. Upon completion of the said disposal on April 15, 2019, Mr. Xu ceased to be a shareholder of Nanjing Howking.

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- (4) Qianhai Sitong was a limited partnership enterprise established in the PRC on February 2, 2016, the sole general partner of which was JADE TEAMS Asset Management Co., Ltd. (深圳嘉得天晟資產管理有限公司), holding 10% interest, and the remaining limited partner of which was Guangdong Sitong Group Co., Ltd (廣東四通集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603838), holding 90% interest. Qianhai Sitong is an Independent Third Party save for its investment in Nanjing Howking.

Pursuant to Qianhai Sitong’s investment agreement in relation to Nanjing Howking and Huizhou Wulian (the then holding company of Shenzhen Wulian which was deregistered in April 2022) dated September 15, 2017 (the “**Sitong Investment Agreement**”), Qianhai Sitong subscribed for 10% equity interest in each of Nanjing Howking and Huizhou Wulian at the consideration of RMB15,000,000, respectively, as determined after arm’s length negotiation with regard to the then valuation of Nanjing Howking and Huizhou Wulian of RMB300,000,000 based on the aggregate net profit of both companies for the year ended December 31, 2017, with RMB1,111,100 and RMB13,888,900 recognized as the registered capital and the capital reserve of Nanjing Howking, respectively.

Subsequently, in September 2019, Qianhai Sitong disposed of its relevant equity interest held in Nanjing Howking to Shanghai Juyi, an investment holding entity jointly controlled by Ms. Wang and Ms. Jin, at the consideration of RMB16,354,000, which was determined based on the initial investment amount of Qianhai Sitong in Nanjing Howking taking into account the then prevailing market rate of return thereon. Upon completion of the said disposal on October 10, 2019, Qianhai Sitong ceased to be a shareholder of Nanjing Howking. For further details of Shanghai Juyi, please refer to note (5) below.

- (5) Shanghai Juyi was an investment holding platform of Ms. Wang and Ms. Jin established in August 2019 for the administrative ease for any subsequent transfer of their interests in Nanjing Howking to facilitate potential introduction of new investors to Nanjing Howking. Shanghai Juyi was a limited partnership enterprise established in the PRC, the sole general partner of which was Ms. Jin holding approximately 55.56% interest, and the limited partner was Ms. Wang holding approximately 44.44%.
- (6) For details of the investments by Ms. Ding, Mr. Li, Zhangzhou Heze, Huixin Qianhai, Shenzhen Zhichen, Ningbo Qipu, Dongzheng Hande and Dongzheng Xiade, see “— [REDACTED] Investments” in this section.

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Shenzhen Wulian

Shenzhen Wulian was established in the PRC with limited liability on April 17, 2012 with an initial registered capital of RMB1,000,000. It is principally engaged in the provision of IoT solutions. Upon its establishment, Shenzhen Wulian was wholly owned by Changshu Wulian.

On March 14, 2016, as part of internal restructuring, Changshu Wulian transferred its entire equity interest in Shenzhen Wulian to Huizhou Wulian. Upon completion of the said transfer on March 17, 2016, Shenzhen Wulian became wholly owned by Huizhou Wulian.

Pursuant to a written resolution of the then sole shareholder of Shenzhen Wulian dated August 14, 2018, Shenzhen Wulian increased its registered capital from RMB1,000,000 to RMB10,000,000 with the increased capital subscribed by Huizhou Wulian.

In contemplation of the [REDACTED], pursuant to an equity transfer agreement dated June 26, 2019, Nanjing Howking acquired the entire equity interest of Shenzhen Wulian from Huizhou Wulian at a nominal consideration of RMB1, taking into account the net liability position of Shenzhen Wulian at the time of transfer arisen from the accumulated loss primarily attributable to the research and development expenses incurred prior to obtaining its first project. Such net liability position had improved and reversed to a net asset position for the year ended December 31, 2020 primarily due to the retained profit recorded during the year as a result of the growing business volume and revenue of Shenzhen Wulian. Upon completion of the said transfer on June 26, 2019 and as of the Latest Practicable Date, Shenzhen Wulian was wholly owned by Nanjing Howking.

CEASED SUBSIDIARIES

Changshu Wulian

Changshu Wulian was established in the PRC with limited liability on March 3, 2011. During the Track Record Period and immediately prior to its deregistration in October 2019, Changshu Wulian was directly wholly owned by Nanjing Howking, and had no substantial business operation. Changshu Wulian was previously acquired by Nanjing Howking from M2Micro Group (Brunei), which was ultimately controlled by Dr. Chen, in January 2018. Changshu Wulian was previously engaged in the research and development of IoT solutions and subsequently ceased business operation since 2013 after Shenzhen Wulian took over the business of Changshu Wulian in order to consolidate our resources for our IoT solution business. During the Track Record Period, Changshu Wulian only recorded net profit of approximately RMB606,000 for the year ended December 31, 2019. In order to streamline the structure of our Group, on October 11, 2019, Changshu Wulian was deregistered and ceased to be a subsidiary of our Group.

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Nanjing Maitumai

Nanjing Maitumai was established in the PRC with limited liability on September 1, 2016. During the Track Record Period and immediately prior to its deregistration in March 2019, Nanjing Maitumai was directly wholly owned by Nanjing Howking, and had no substantial business operation. Nanjing Maitumai was previously acquired by Nanjing Howking from Dr. Chen and M2Micro Group (Seychelles), a company ultimately controlled by Ms. Wang, in December 2017. Nanjing Maitumai was the previous trading company of Nanjing Howking and subsequently ceased business operation after Nanjing Howking took over its sales function in 2017. During the Track Record Period, Nanjing Maitumai only recorded net profit of approximately RMB98,000 for the year ended December 31, 2019. In order to streamline the structure of our Group, on March 20, 2019, Nanjing Maitumai was deregistered and ceased to be a subsidiary of our Group.

Shenzhen Howking

Shenzhen Howking was established in the PRC with limited liability on September 5, 2012. Shenzhen Howking was acquired by Shenzhen Wulian from HowKing Holding Co., Ltd., an investment holding company ultimately controlled by Dr. Chen, in November 2017. Shenzhen Howking was previously engaged in the research and development and sales of mobile phone antennae before our Group decided to cease such business as mobile phone antennae fell into disuse in the PRC market. During the Track Record Period and up to the Latest Practicable Date, Shenzhen Howking was directly wholly owned by Shenzhen Wulian, and had no substantial business operation. For the three years ended December 31, 2021, Shenzhen Howking recorded net loss of approximately RMB182,000, RMB270,000 and RMB258,000, respectively. In order to streamline the structure of our Group, on April 2, 2022, Shenzhen Howking was deregistered and ceased to be a subsidiary of our Group.

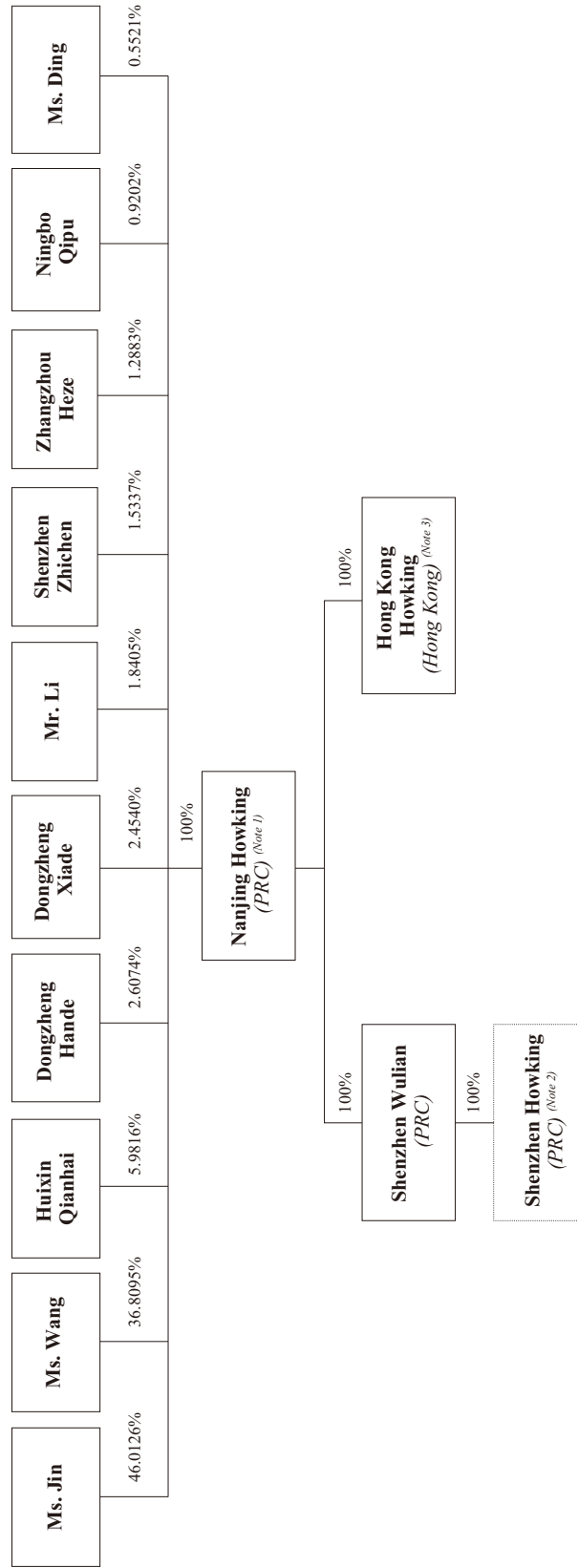
As confirmed by our Directors and concurred by our PRC Legal Advisors, each of the abovementioned ceased subsidiaries was solvent, and had not been involved in or subject to any pending or unresolved claims, arbitration, litigation or legal proceedings (whether actual or threatened), or had any material non-compliances, since its establishment and up to the date of its deregistration.

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REORGANIZATION

Corporate structure of our Group immediately before the Reorganization

Set forth below is the corporate structure of our Group immediately before the Reorganization:



Notes:

1. Nanjing Howking has one branch company in Shenzhen, the PRC.
2. Upon completion of its deregistration on April 2, 2022, Shenzhen Howking ceased to be a subsidiary of our Group. During the Track Record Period and immediately prior to its deregistration, Shenzhen Howking had no material business operation. For further details, see “— Ceased Subsidiaries — Shenzhen Howking” in this section.
3. Hong Kong Howking was incorporated in Hong Kong with limited liability on January 23, 2020 with an issued share capital of HK\$31,192,800 as of the Latest Practicable Date. Since its incorporation and up to the Latest Practicable Date, Hong Kong Howking was wholly owned by Nanjing Howking. It had not commenced any business operations as of the Latest Practicable Date and is intended to be a platform for our future business expansion.

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In preparation for the [REDACTED] and to streamline our corporate structure, we underwent the Reorganization.

Onshore Reorganization

Establishment of onshore investment holding companies

The following entities were established as the investment holding vehicles of certain then shareholders of Nanjing Howking:

Shenzhen Tim Win

On September 7, 2021, Shenzhen Tim Win was established in the PRC as the investment holding vehicle of Mr. Li.

Shanghai Jinyuan

On September 16, 2021, Shanghai Jinyuan was established in the PRC as the investment holding vehicle of Huixin Qianhai.

Reduction of registered capital of Nanjing Howking

Pursuant to the Reorganization Agreement and the resolution of the shareholders’ meeting of Nanjing Howking on September 2, 2021, Nanjing Howking reduced its paid-up registered capital from RMB12,074,072 to RMB10,066,666.6 by way of repurchases of the then respective entire equity interests held by the following shareholders in Nanjing Howking.

<u>Shareholder</u>	<u>Paid-up capital repurchased</u>
	<i>RMB</i>
Huixin Qianhai	722,221.5
Dongzheng Hande	314,814.5
Dongzheng Xiade	296,296.0
Mr. Li	222,222.0
Shenzhen Zhichen	185,185.0
Zhangzhou Heze	155,555.4
Ningbo Qipu	111,111.0

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Immediately following the capital reduction, Nanjing Howking was held as to approximately 55.1881%, 44.1497% and 0.6623% by Ms. Jin, Ms. Wang and Ms. Ding, respectively. In consideration of the then shareholders of Nanjing Howking exiting from their investments in Nanjing Howking, our Company allotted and issued an aggregate of 209,020 Shares to the aforesaid shareholders of Nanjing Howking (or their respective investment holding vehicles) largely mirroring their respective shareholding in Nanjing Howking as agreed in the Reorganization Agreement, with the respective amounts of consideration determined based on their respective initial investment amounts in Nanjing Howking. For further details, see “— Offshore Reorganization — Offshore shareholding restructuring — (ii) Allotment and issue of Shares to the then shareholders of Nanjing Howking” in this section.

Conversion of Nanjing Howking into a sino-foreign joint venture

Pursuant to an equity transfer agreement dated December 6, 2021, Ms. Ding transferred 0.6623% equity interest of Nanjing Howking to Parka Aragon at a consideration of RMB298,035, which was determined by reference to the then net asset value of Nanjing Howking after the capital reduction as of November 16, 2021 as appraised by an independent valuer in the PRC. Parka Aragon is a wholly subsidiary of Parka Aragon BVI, which was in turn wholly owned by Mr. Wu Chak Man (胡澤民) (“**Mr. Wu**”) (the spouse of Ms. Ding) at the time of the said transfer.

Upon completion of the aforesaid transfer on December 8, 2021, Nanjing Howking was held as to approximately 55.1881%, 44.1497% and 0.6623% by Ms. Jin, Ms. Wang and Parka Aragon, respectively, and converted from a domestic enterprise into a sino-foreign joint venture.

Capital injection in Nanjing Howking by Howking Tech HK

On December 16, 2021, as part of the Reorganization, Howking Tech HK made capital contribution of RMB117,400,000 to Nanjing Howking, all of which was recognized as the registered capital of Nanjing Howking. Upon completion of the aforesaid capital injection on the same day, the registered capital of Nanjing Howking increased from RMB10,066,666.6 to RMB127,466,666.6 and Nanjing Howking was held as to approximately 92.1025%, 4.3585%, 3.4867% and 0.0523% by Howking Tech HK, Ms. Jin, Ms. Wang and Parka Aragon, respectively.

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Acquisition of equity interests in Nanjing Howking from Ms. Jin and Ms. Wang by Howking Tech HK

On January 14, 2022, as part of the Reorganization, each of Ms. Jin and Ms. Wang entered into a separate equity transfer agreement with Howking Tech HK, pursuant to which Ms. Jin and Ms. Wang transferred 4.3585% and 3.4867% equity interest in Nanjing Howking to Howking Tech HK at the consideration of RMB5,086,338 and RMB4,068,997, respectively, both of which was determined based on the net asset value of Nanjing Howking as of December 31, 2021. Upon completion of the aforesaid transfer on January 25, 2022 and up to the Latest Practicable Date, Nanjing Howking was held as to approximately 99.9477% by Howking Tech HK and 0.0523% by Parka Aragon.

Offshore Reorganization

Incorporation of offshore investment holding company by the Controlling Shareholders

On August 11, 2021, Howking Tech Holding was incorporated in the BVI as the investment holding vehicle of Ms. Wang and Ms. Jin.

Incorporation of our Company

On August 25, 2021, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and authorized share capital of US\$50,000 divided into 5,000,000 Shares of nominal value of US\$0.01 each and is the ultimate holding company of our Group. Upon its incorporation, one Share was allotted and issued to the initial subscriber, which was transferred to Howking Tech Holding on the same day.

Incorporation of offshore subsidiaries

Howking Tech BVI

On September 3, 2021, Howking Tech BVI was incorporated in the BVI with limited liability as an investment holding company which is wholly owned by our Company.

Howking Tech HK

On September 17, 2021, Howking Tech HK was incorporated in Hong Kong with limited liability as an investment holding company which is wholly owned by Howking Tech BVI.

Offshore shareholding restructuring

(i) Allotment and issue of Shares to Howking Tech Holding

On November 16, 2021, as part of the Reorganization, our Company further allotted and issued 772,788 Shares at par to Howking Tech Holding.

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(ii) *Allotment and issue of Shares to the then shareholders of Nanjing Howking*

Pursuant to the Reorganization Agreement, to largely mirror the shareholding structure of Nanjing Howking immediately before the reduction of registered capital of Nanjing Howking in September 2021 and taking into account the shareholding adjustments as agreed among the parties to the Reorganization Agreement as determined with reference to the financial performance of Nanjing Howking for the years ended December 31, 2019 and 2020, our Company allotted and issued an aggregate of 209,020 Shares for cash to the following entities (being then shareholders of Nanjing Howking (or their respective investment holding vehicles)), the consideration of which had been settled in full on January 25, 2022:

<u>Shareholder</u>	<u>Number of Shares allotted and issued</u>	<u>Consideration</u>
Shanghai Jinyuan	75,201	RMB39,000,000
Dongzheng Hande	32,780	RMB17,000,000
Dongzheng Xiade	30,852	RMB16,000,000
Shenzhen Tim Win	23,139	RMB12,000,000
Shenzhen Zhichen	19,282	RMB10,000,000
Zhangzhou Heze	16,197	RMB8,400,000
Ningbo Qipu	11,569	RMB6,000,000

For further details, see “— Onshore Reorganization — Reduction of registered capital of Nanjing Howking” in this section.

Acquisition of Parka Aragon BVI by our Company

On December 10, 2021, as part of the Reorganization, our Company acquired the entire issued share capital of Parka Aragon BVI from Mr. Wu (the spouse of Ms. Ding) by the allotment and issue of 6,941 Shares to Mr. Wu as the consideration in order to reflect his indirect onshore shareholding in Nanjing Howking after his acquisition of equity interest of Nanjing Howking from Ms. Ding through Parka Aragon, the then investment holding vehicle ultimately held by Mr. Wu. Parka Aragon BVI wholly owns Parka Aragon, which in turn holds 0.6623% equity interest in Nanjing Howking. For further details, see “— Onshore Reorganization — Conversion of Nanjing Howking into a sino-foreign joint venture” in this section.

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New round of [REDACTED] Investments

We underwent a new round of [REDACTED] Investments, namely Series B and Series B+ investments, whereby the [REDACTED] Investors under this round of [REDACTED] Investments acquired an aggregate of 143,123 Shares by way of transfer of existing Shares from Howking Tech Holding and/or subscription for new Shares in our Company. For further details, see “— [REDACTED] Investments” in this section.

Upon completion of the abovementioned steps and immediately before the [REDACTED] and [REDACTED], the shareholding structure of our Company was as follows:

<u>Shareholder</u>	<u>Number of Shares held</u>	<u>Approximate shareholding in our Company</u>
Howking Tech Holding	640,790	64.0871%
Shanghai Jinyuan	75,201	7.5210%
Mr. Wu	56,379	5.6386%
Mr. Huang Jianzhong (黃建忠) (“ Mr. Huang ”)	39,550	3.9555%
Ms. Wu Chin-Shan (吳金蟬) (“ Ms. Wu ”)	33,123	3.3127%
Dongzheng Hande	32,780	3.2784%
Dongzheng Xiade	30,852	3.0856%
Shenzhen Tim Win	23,139	2.3142%
Shenzhen Zhichen	19,282	1.9284%
Zhangzhou Heze	16,197	1.6199%
Ningbo Qipu	11,569	1.1570%
Zibo Puhao	11,124	1.1125%
Shenzhen Brightmin	9,888	0.9889%
Total	<u>999,874</u>	<u>100%</u>

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PRC Regulatory Compliance

Our PRC Legal Advisors have confirmed that the Reorganization in relation to the equity interest transfers in respect of our PRC subsidiaries as described above had been conducted in compliance with applicable PRC laws and regulations and had been legally completed and duly registered with local registration authorities of the PRC.

[REDACTED] INVESTMENTS

Overview

As of the Latest Practicable Date, we underwent several rounds of [REDACTED] Investments, comprising Series A investments in 2019 and Series B and Series B+ investments both in 2021.

Series A investments

The investors under Series A investments are: (i) Ms. Ding and Zhangzhou Heze; (ii) Mr. Li; (iii) Huixin Qianhai; (iv) Shenzhen Zhichen; (v) Ningbo Qipu; and (vi) Dongzheng Hande and Dongzheng Xiade (the “**Series A Investors**”). Pursuant to their respective equity transfer/investment agreements, the Series A Investors acquired equity interests in Nanjing Howking from Shanghai Juyi and/or subscribed for capital contribution in Nanjing Howking during September to December 2019, and became shareholders of Nanjing Howking before the Reorganization.

Subsequently, pursuant to the Reorganization Agreement, Nanjing Howking reduced its registered capital by way of repurchases of the respective equity interests held by the Series A Investors (except Ms. Ding), and in consideration of which, our Company allotted and issued an aggregate of 209,020 Shares to them (or their investment holding vehicles) largely mirroring their respective shareholding in Nanjing Howking as agreed in the Reorganization Agreement. The Series A Investors (except Ms. Ding) thereby became our Shareholders. For further details, see “— Reorganization — Onshore Reorganization — Reduction of registered capital of Nanjing Howking” and “— Reorganization — Offshore Reorganization — Offshore shareholding restructuring — (ii) Allotment and issue of Shares to the then shareholders of Nanjing Howking” in this section.

Ms. Ding, pursuant to an equity transfer agreement dated December 6, 2021, transferred her 0.6623% equity interests in Nanjing Howking to Parka Aragon. Parka Aragon is a wholly subsidiary of Parka Aragon BVI, which in turn was wholly owned by Mr. Wu (the spouse of Ms. Ding) at the time of the transfer. Subsequently as part of the Reorganization, our Company acquired the entire issued share capital of Parka Aragon BVI from Mr. Wu by allotment and issue of 6,941 Shares to him as the consideration. For further details, see “— Reorganization — Onshore Reorganization — Conversion of Nanjing Howking into a sino-foreign joint venture” and “— Reorganization — Offshore Reorganization — Acquisition of Parka Aragon BVI by our Company” in this section.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The negotiation in relation to the terms of Series A investments, such as the payment terms and the consideration, had commenced since as early as around June 2019 prior to the outbreak of COVID-19 when the prospect of the telecommunication industry in the PRC was promising, while the agreements were subsequently entered into during the period from September to December 2019 after the terms had been finalized and agreed by the parties. The Series A investments commenced in 2019 were conducted largely based on the initial valuation of Nanjing Howking of approximately RMB600 million (the “**Valuation**”) as the starting point, which was determined based on the target net profit attributable to the owners for the year ended December 31, 2019 of approximately RMB40 million and a 15 times price-to-earnings ratio (the “**PE Multiple**”) back then. The PE Multiple was determined with reference to:

- (i) the valuation premium of Nanjing Howking at the material time with regards to our initial plan for the shares of Nanjing Howking to be listed on Shanghai Stock Exchange Science and Technology Innovation Board (the “**STAR Market**”), which was highly sought after since its operation in 2019 for its high degree of market recognition in raising capital in the PRC;
- (ii) several comparable companies listed on the Shanghai Stock Exchange (as it was our Group’s initial plan to list on the STAR Market) with price-to-earning ratios ranging from 27.8 times to 77.5 times in 2019 (the “**Comparable P/E Ratios**”), most of which operate in this emerging IoT industry engaging in similar businesses as our Group;
- (iii) the then existing projects undertaken by and the expected upcoming projects of our Group at the material time, and the estimated revenue thereby to be derived;
- (iv) the optimistic market sentiment towards the telecommunication industry in the PRC in general at the material time with the concepts of 5G technology and IoT solutions gaining momentum in the PRC since around 2019; and
- (v) the continuous robust growth in the overall PRC economy.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Save for the subscription of 2.65%, 2.6480% and 2.4922% equity interest in Nanjing Howking by Huixin Qianhai, Dongzheng Hande and Dongzheng Xiade, respectively, all the other Series A investments were consummated by way of acquisition of the then equity interest (amounting to an aggregate of 10%) in Nanjing Howking from Shanghai Juyi, the then investment holding platform held by the Controlling Shareholders. In view of the transfer of the then equity interest of Nanjing Howking to this round of [REDACTED] Investors, our Group had taken a rather conservative approach for its first round of [REDACTED] Investments and adopted the PE Multiple of 15, falling below the lower end of the range of the Comparable P/E Ratios as identified by our Group.

Subsequently, due to the uncertainty in the listing timetable for initial public offerings in the PRC at the material time, we then resorted to seek to list our shares on the Stock Exchange. In preparation of the [REDACTED], our Group has undergone the Reorganization. To facilitate the Reorganization, the then shareholders of Nanjing Howking have entered into the Reorganization Agreement, pursuant to which (i) Nanjing Howking reduced its registered capital by way of repurchases of the respective equity interests held by the Series A Investors (except Ms. Ding Di), and (ii) in consideration of the said repurchases, our Company allotted and issued an aggregate of 209,020 Shares to the Series A Investors (or their investment holding vehicles) to (a) mirror the shareholding structure of Nanjing Howking immediately before the reduction of registered capital of Nanjing Howking, and (b) reflect the shareholding adjustments by increasing the shareholding entitlement of the Series A Investors (except Ms. Ding Di) by approximately 4.66%, as determined and agreed among the parties with reference to the financial performance of Nanjing Howking for the years ended December 31, 2019 and 2020 (the “**Shareholding Adjustments**”). Accordingly, while the respective consideration paid by the Series A Investors was largely based on the Valuation, the investment cost per Share of the Series A Investors has been reduced after taking into account the Shareholding Adjustments, and hence is lower than the other rounds of the [REDACTED] Investments. For demonstration purpose, after excluding the Shareholding Adjustments, without taking into account the [REDACTED], the investment cost per Share under Series A investments would be approximately RMB659 per Share, which is approximately 7.9% slightly higher than the investment cost per Share under Series B investments (i.e. approximately RMB607).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Series B and Series B+ investments

The investors under Series B investments are: (i) Mr. Wu; (ii) Shenzhen Brightmin; (iii) Mr. Huang; and (iv) Ms. Wu (the “**Series B Investors**”), who acquired the existing Shares from Howking Tech Holding pursuant to their respective share transfer agreements. In addition, Zibo Puhao (the “**Series B+ Investor**”, together with the Series B Investors, the “**Series B and Series B+ Investors**”) subscribed for new Shares issued by our Company pursuant to its investment agreement. Upon completion of the above investments, the Series B and Series B+ Investors became our Shareholders before completion of the [REDACTED] and the [REDACTED].

Substantially similar to Series A investments, Series B investments in 2021 were conducted by way of acquisition of the existing Shares from one of the Controlling Shareholders, namely Howking Tech Holding. In view of the similarity in terms of the form of investments, the consideration paid by the Series B Investors under this round of investment had primarily taken the valuation of Nanjing Howking for Series A investments as reference.

With respect to Series B+ investments, the consideration under this round of [REDACTED] Investments was determined with reference to the post-money valuation of Nanjing Howking of RMB800,000,000, which in turn was determined having taken into account the following:

- (i) *introduction of last round of [REDACTED] investment* – considering that the consideration for Series B investments was paid to Howking Tech Holding, one of the Controlling Shareholders, for acquisition of existing Shares, for Series B+ investment, we intended to identify institutional investor(s) to bring in additional funds for our Group’s expansion through the issue of new shares of our Company as well as enhancing the shareholders portfolio of our Company as further endorsement of our performance, strengths and prospects. As such, we approached a financial professional to help identify suitable institutional investor(s) and intended to set a relatively high valuation of Nanjing Howking as compared to that of Series B investments for this round of investment.

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- (ii) *willingness of Zibo Puhao to invest at a premium* – Shanghai Puchang is a professional financial investor, which learnt about Nanjing Howking through conducting market research, participation in 5G and telecommunication related seminars and referral by the financial professional as approached by us. After preliminary discussion, Shanghai Puchang expressed its interest in investing in our Group and proposed an investment consideration at the initial stage of the negotiation. Based on our understanding, as Shanghai Puchang was optimistic about the future prospect of the telecommunication industry, especially the thriving development of 5G technology application in the aforesaid industry, taking into account (1) the independent due diligence process conducted internally on our Group; and (2) the significant growth in our Group’s revenue and net profit from the year of 2019 to 2020 of approximately 57.5% and 64.6%, respectively, it was confident in the expected future growth of our Group, both in terms of business volume and financial performance, and was therefore willing to invest in our Company through Zibo Puhao at the investment price as agreed upon obtaining approval for such investment decision from its investment committee.

Further, based on the communication among our Company and the [REDACTED] Investors, we learnt that the [REDACTED] Investors invested in our Group primarily in view of their confidence in our Group’s business as well as the industry it operates in in the long run with no regard to the expected [REDACTED] range of our Company as affected by market condition and market sentiment at the material time, both of which in turn depend on various external factors, such as equities volatility, interest rates, geopolitical certainty and regulatory certainties pertaining to the telecommunication sector in the PRC. For further details of the reasons for investing in our Group by the [REDACTED] Investors, please see “— Information of our [REDACTED] Investors” in this section below. In addition, special rights, such as divestment/redemption rights, were granted to the [REDACTED] investors which had reduced the risk of their investments in our Group to a certain extent. For further details of the special rights granted to the [REDACTED] Investors, please see “— Special Rights” in this section below. As such, the [REDACTED] Investors were willing to accept a relatively optimistic initial valuation of our Group in light of the future growth of our Group and the emerging industry it operates in regardless of the subsequent determination of the [REDACTED].

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following table summarizes the principal terms of the [REDACTED] Investments:

Investor(s)	Ms. Ding Di and Zhangzhou Heze	Mr. Li Zhangpeng	Huixin Qianhai	Shenzhen Zhichen	Ningbo Qipu	Dongzheng Hande and Dongzheng Xiade	Mr. Wu Chak Man	Shenzhen Brightmin	Mr. Huang Jianzhong	Ms. Wu Chin-Shan	Zibo Puhao
Round	Series A	Series A	Series A	Series A	Series A	Series A	Series B	Series B	Series B	Series B	Series B+
Date of the agreement(s)	Equity transfer agreement dated September 20, 2019	Equity transfer agreement dated September 20, 2019	Investment agreement dated December 8, 2019	Investment agreement dated November 28, 2019	Investment agreement dated November 28, 2019	Capital injection agreement dated November 28, 2019	Share transfer agreement dated October 15, 2021	Share transfer agreement dated October 15, 2021	Share transfer agreement dated October 15, 2021	Share transfer agreement dated October 15, 2021	Investment agreement dated October 15, 2021
Percentage of equity interest / Number of Shares upon settlement transferred/ subscribed	2% equity interest in Nanjing Howking transferred by Shanghai Juyi (comprising 0.6% to Ms. Ding and 1.4% to Zhangzhou Heze)	2% equity interest in Nanjing Howking transferred by Shanghai Juyi	(i) 3.33% equity interest in Nanjing Howking transferred by Shanghai Juyi (i) 2.65% equity interest through subscription for capital increase in Nanjing Howking	1.67% equity interest in Nanjing Howking transferred by Shanghai Juyi	1% equity interest in Nanjing Howking transferred by Shanghai Juyi	5.1402% equity interest through subscription for capital increase in Nanjing Howking (comprising 2.6480% subscribed by Dongzheng Hande and 2.4922% by Dongzheng Xiade)	49,438 Shares transferred by Howking Tech Holding	9,888 Shares transferred by Howking Tech Holding	39,550 Shares transferred by Howking Tech Holding	33,123 Shares transferred by Howking Tech Holding	11,124 Shares issued by our Company
Amount of consideration	RMB12,000,000 (comprising RMB3,600,000 from Ms. Ding and RMB8,400,000 from Zhangzhou Heze)	RMB12,000,000	RMB39,000,000 (comprising RMB19,999,460 for equity transfer and RMB19,000,540 for capital subscription)	RMB10,000,000	RMB6,000,000	RMB33,000,000 (comprising RMB17,000,000 from Dongzheng Hande and RMB16,000,000 from Dongzheng Xiade)	RMB30,000,000	RMB6,000,000	RMB24,000,000	RMB20,100,000	RMB9,000,000

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Investor(s)	Ms. Ding Di and Zhangzhou Heze	Mr. Li Zhangpeng	Huixin Qianhai	Shenzhen Zhichen	Ningbo Qipu	Dongzheng Hande and Dongzheng Xiade	Mr. Wu Chak Man	Shenzhen Brightmin	Mr. Huang Jianzhong	Ms. Wu Chin-Shan	Zibo Puhao
Basis of consideration	<p>The consideration for Series A investments was determined after arm's length negotiation with reference to the valuation of Nanjing Howking of RMB600,000,000 taking into account its then financial performance and the future business growth of our Group. At the material time when the consideration for Series A investments was determined, we planned to list the shares of Nanjing Howking on a domestic stock exchange. However, due to the uncertainty in the listing timetable for initial public offerings in the PRC, we did not further proceed with the aforesaid listing plan.</p>										
	<p>The consideration for Series B investments paid to Howking Tech Holding by the Series B Investors for the acquisition of the existing Shares from Howking Tech Holding was determined after arm's length negotiation primarily with reference to the valuation of Nanjing Howking for Series A investments</p>										
	<p>The consideration for Series B+ investment was determined after arm's length negotiation with reference to the pre-money valuation of Nanjing Howking of RMB800,000,000, taking into account (i) the valuation premium of Nanjing Howking in comparison to Series A investments; (ii) the future business growth of our Group; and (iii) the proceeds of Series B+ investment to be used for the development and operation of our Group's business as the proceeds were paid to our Company for subscription of new Shares</p>										

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Investor(s)	Ms. Ding Di and Zhangzhou Heze	Mr. Li Zhangpeng	Huixin Qianhai	Shenzhen Zhichen	Ningbo Qipu	Dongzheng Hande and Dongzheng Xiade	Mr. Wu Chak Man	Shenzhen Brightmin	Mr. Huang Jianzhong	Ms. Wu Chin-Shan	Zibo Puhao
Date on which the consideration was fully settled	December 10, 2019	November 21, 2019	March 26, 2020	December 13, 2019	March 24, 2020	December 9, 2019	December 6, 2021	December 13, 2021	December 2, 2021	October 26, 2021	January 19, 2022
Number of Shares and approximate percentage of shareholding in our Company immediately upon [REDACTED] (Note 1)	[REDACTED] Shares ([REDACTED]%) held by Zhangzhou Heze (Note 4)	[REDACTED] Shares ([REDACTED]%) held by Shenzhen Tim Win	[REDACTED] Shares ([REDACTED]%) held by Shanghai Jinyuan	[REDACTED] Shares ([REDACTED]%)	[REDACTED] Shares ([REDACTED]%)	[REDACTED] Shares ([REDACTED]%) held by Dongzheng Hande ([REDACTED] Shares ([REDACTED]%) held by Dongzheng Xiade	[REDACTED] Shares ([REDACTED]%) (Note 4)	[REDACTED] Shares ([REDACTED]%)	[REDACTED] Shares ([REDACTED]%)	[REDACTED] Shares ([REDACTED]%)	[REDACTED] Shares ([REDACTED]%)
Investment cost per Share (Note 3)	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]
Premium to the mid-point of the indicative [REDACTED] range (Note 2)	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%
Lock-up and public float	None of the investment agreements and equity transfer agreements (as applicable) imposes any lock-up obligations over the Shares directly or indirectly held by the [REDACTED] Investors upon [REDACTED]. The respective Shares held by the [REDACTED] Investors will be counted towards public float after the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules.										

Notes:

- Assuming the [REDACTED] is not exercised and without taking into account of the Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.
- Based on the [REDACTED] of approximately HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range).
- Assuming RMB1.00 to HK\$[1.23] for the purpose of illustration only.
- During the Reorganization, Ms. Ding had disposed of her equity interest in Nanjing Howking acquired under Series A investment to Parka Aragon, which was ultimately wholly owned by Mr. Wu (the spouse of Ms. Ding). Subsequently, as part of the Reorganization, our Company acquired the entire issued share capital of Parka Aragon BVI, the holding company of Parka Aragon, from Mr. Wu by allotting and issuing 6,941 Shares (the “**Consideration Shares**”) to Mr. Wu as the consideration in order to reflect his indirect onshore shareholding in Nanjing Howking acquired from Ms. Ding through Parka Aragon. As a result, the [REDACTED] Shares to be held by Mr. Wu upon [REDACTED] comprise the Shares acquired by Mr. Wu through his Series B investment and the Consideration Shares (as enlarged by the [REDACTED]). For further details, see “— Reorganization — Onshore Reorganization — Conversion of Nanjing Howking into a sino-foreign joint venture” and “— Reorganization — Offshore Reorganization — Acquisition of Parka Aragon BVI by our Company” in this section. For the purpose of determining the investment cost per Share for Ms. Ding and Mr. Wu through Series A and Series B investments, respectively, the Consideration Shares (as enlarged by the [REDACTED]) issued in relation to the equity interest in Nanjing Howking acquired through their Series A investments are regarded as investment made by Ms. Ding, instead of by Mr. Wu.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Use of Proceeds from the [REDACTED] Investments

We utilized the proceeds from the [REDACTED] Investments for replenishing the working capital for the development and operation of our principal business of our Group. As of the Latest Practicable Date, the net proceeds received by us from the [REDACTED] Investments had been fully utilized.

Strategic benefits of the [REDACTED] Investors brought to our Company

At the time of the [REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the [REDACTED] Investors’ investments in our Company, as well as the [REDACTED] Investors’ industry network, investment knowledge and experience. Moreover, our Directors were also of the view that the [REDACTED] Investments by our [REDACTED] Investors have demonstrated their confidence in the operations of our Company, which serves as an endorsement of our Company’s performance, strengths and prospects.

Special Rights

The [REDACTED] Investors (except Ms. Wu) have been granted certain special rights under the shareholders agreement dated December 16, 2021 (the “**Shareholders Agreement**”), such as information rights, pre-emption rights, right of first refusal, tag-along rights, anti-dilution rights, divestment/redemption rights and exclusivity rights restricting our Company to issue or offer the Shares to other third parties.

All such shareholder rights (other than divestment/redemption rights) shall be terminated and be of no further force or effect immediately before the consummation of an “[REDACTED].” The divestment/redemption rights under the Shareholders Agreement have been terminated and of no further force or effect on the date of the Shareholders Agreement.

On the other hand, Ms. Wu has been separately granted information rights and pre-emption rights under the equity transfer agreement dated October 15, 2021, pursuant to which such shareholder rights shall be terminated immediately before the consummation of an “[REDACTED].”

A “[REDACTED]” is defined as the [REDACTED] of the Company on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Stock Exchange, the NASDAQ, the New York Stock Exchange or such other domestic and overseas stock exchanges.

Save as disclosed above and the respective agreements entered into by the [REDACTED] Investors contemplating their respective investments in our Company or our Group, there are no other side agreements, arrangements, negotiation, engagements, understanding or undertakings, whether formal or informal, verbal or in writing, express or implied, between our Group and our Group’s core connected persons and each of the [REDACTED] Investors and their respective close associates, in relation to their investments in our Group, that are subsisting.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Information of our [REDACTED] Investors

Huixin Qianhai

Huixin Qianhai is a limited partnership enterprise established in the PRC on March 30, 2016, which is an investment holding platform primarily focusing on investing in telecommunication, consumption, medical and internet industries. Prior to investing in our Group, Huixin Qianhai had previous investment experiences in the IoT industry. As of the Latest Practicable Date, the registered capital of Huixin Qianhai amounted to RMB288 million, with its assets under management amounted to approximately RMB216 million as of December 31, 2021.

The sole general partner of Huixin Qianhai is Ningbo Huixin Zhiyuan Investment Management Partnership (LLP) (寧波匯信致遠投資管理合夥企業(有限合夥)) (“**Ningbo Huixin**”), holding 1.0417% interest, and its remaining seven limited partners include the single largest shareholder, Ms. Xie Xiongqing (謝雄清), holding 34.7222% interest. Ms. Xie Xiongqing has experience working in the finance field and has been working in Shenzhen Guanghui Investment Management Co., Ltd. (深圳市光輝投資管理有限公司) as a finance manager since March 2008 up to the Latest Practicable Date. Ningbo Huixin, which is ultimately jointly controlled by Mr. Ye Xiang (葉翔) and Ms. Ban Lifeng (班麗鳳), is a limited partnership enterprise established in the PRC and an investment holding platform primarily focusing on investments in telecommunication, consumption and internet industries. Mr. Ye Xiang possesses over 20 years of extensive experience in the industries relating to finance, banking and regulation, and has held directorship in other listed companies in Hong Kong. Since November 2016 up to the Latest Practicable Date, Ms. Ban Lifeng has been the administration manager of Ningbo Xinhui Qianhai Asset Management Co., Ltd. (寧波信匯前海資產管理有限公司) (“**Ningbo Xinhui**”), a company principally engaged in asset management and investment management.

In recognition of Dr. Chen’s industry experience and our Group’s business model and our position as a market player in the PRC private 5G network market providing one-stop IoT solutions and telecommunication equipment with 5G technologies adopted, Huixin Qianhai was optimistic about the future prospect of our Group in light of the promising development of 5G and telecommunication industry in the PRC, and thus decided to invest in our Group. Each of Huixin Qianhai, Ningbo Huixin, Ms. Xie Xiongqing, Mr. Ye Xiang and Ms. Ban Lifeng is an Independent Third Party, and each of Huixin Qianhai and its close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates. The compliance and risk management principal of Ningbo Xinhui was acquainted with Dr. Chen through referral by Shenzhen Zhichen in September 2019.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Dongzheng Hande and Dongzheng Xiade

Dongzheng Hande and Dongzheng Xiade are limited partnership enterprises established in the PRC on March 22, 2017 and February 11, 2018, respectively, both of which primarily focus on investing in emerging industries in the PRC, such as telecommunication, medical, renewable energy and consumer industries. Prior to investing in our Group, each of Dongzheng Hande and Dongzheng Xiade did not have previous investment experiences in the IoT industry. As of the Latest Practicable Date, the registered capital of each of Dongzheng Hande and Dongzheng Xiade amounted to RMB450 million, with the assets managed by Dongzheng Hande and Dongzheng Xiade amounted to approximately RMB697 million and RMB701 million, respectively, as of December 31, 2021.

The sole general partner of both Dongzheng Hande and Dongzheng Xiade is Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司) (“**Shanghai Orient**”) holding 11.11111% and 18.88889% interest, respectively, and the single largest shareholder of Dongzheng Hande and Dongzheng Xiade is Ningbo Oaks Investment Management Co., Ltd. (寧波奧克斯投資管理有限公司) (“**Ningbo Oaks**”) acting as a limited partner, holding 44.44444% and 22.2222% interest, respectively. Shanghai Orient is a limited liability company established in the PRC, which is a wholly-owned subsidiary of Orient Securities Co., Ltd. (東方證券股份有限公司) (“**Orient Securities**”), a company dually listed on the Shanghai Stock Exchange (stock code: 600958) and the Stock Exchange (stock code: 03958). Shanghai Orient is a private equity funds investment platform providing one-stop professional investment services in the PRC, including purchase of investment products, offshore investments, equity investments and merger and acquisition. Ningbo Oaks is a limited liability company established in the PRC, which is a wholly-owned subsidiary of Ningbo Sanxing Medical & Electric Co., Ltd. (寧波三星醫療電氣股份有限公司) (“**Ningbo Sanxing**”), a company listed on the Shanghai Stock Exchange (stock code: 601567). Ningbo Oaks is principally engaged in equity investment and investment management.

The director of Orient Securities became acquainted with Dr. Chen through a mutual friend in July 2019. Each of Dongzheng Hande, Dongzheng Xiade, Shanghai Orient, Orient Securities, Ningbo Oaks and Ningbo Sanxing is an Independent Third Party, and each of Dongzheng Hande and Dongzheng Xiade and their respective close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

Mr. Li Zhangpeng

Mr. Li Zhangpeng is an individual private investor who has over 10 years of investment experience, specializing in real estate and equity investment. Prior to investing in our Group, Mr. Li did not have previous investment experiences in the IoT industry. Mr. Li is an Independent Third Party, and each of Mr. Li and his close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

respective associates. Mr. Li was acquainted with Dr. Chen through introduction by the then financial advisor to Nanjing Howking, in June 2019. Such financial advisor is a member of CPA Australia and a chartered financial analyst of the CFA Institute, with over 15 years of experience in the corporate finance field in the PRC. He was engaged by Dr. Chen to provide financial advisory services such as formulating financing strategies and introducing investors to the Group. He received a service fee of RMB281,000, which was determined after arm’s length negotiation between the parties, taking into account the scope of services provided. After several rounds of discussion with Dr. Chen on our Group’s business and future plans and having paid a site visit to our Group’s headquarters, Mr. Li, who was optimistic with the future prospects of our Group and the growth potential of the application of 5G technology in the telecommunication industry, then decided to invest in our Group.

Shenzhen Zhichen

Shenzhen Zhichen is a limited partnership enterprise established in the PRC on July 5, 2018 primarily focuses on investing in our Group. Prior to investing in our Group, Shenzhen Zhichen did not have previous investment experiences in the IoT industry. As of the Latest Practicable Date, the registered capital of Shenzhen Zhichen amounted to approximately RMB11 million, with its assets under management amounted to approximately RMB10 million as of December 31, 2021, which were primarily utilized as the [REDACTED] investment in our Company.

The sole general partner of Shenzhen Zhichen is Shenzhen Zhichen Private Equity Fund Management Co., Ltd. (深圳智宸私募股權基金管理有限公司) (“**Shenzhen Zhichen PE**”) holding 1% interest, which is controlled by Mr. Chen Ning (陳寧). Mr. Chen Ning and Mr. Huang Zebin (黃澤斌) are the limited partners of Shenzhen Zhichen, each holding 45% interest, respectively. Shenzhen Zhichen PE is a limited liability company established in the PRC which is a professional investment company with a focus on private equity investment in the areas of hard technology and mass consumption. Mr. Chen Ning has over 10 years of experience working in various financial institutions in Hong Kong and the PRC, who has extensive experience in leading cross-border financing, such as equity and debt financing, merger and acquisition and restructuring. He is currently serving as the chief executive officer of Shenzhen Zhichen PE. Mr. Huang Zebin has over 15 years of experience in the investment field who invests in various companies engaging in real estate, hotel investment and finance fields in the PRC.

Mr. Chen Ning of Shenzhen Zhichen PE was acquainted with Dr. Chen through introduction by the aforementioned financial advisor to Nanjing Howking, in around September 2019. Shenzhen Zhichen was optimistic about the future prospect of 5G industry in the PRC, particularly its expanding application scenarios, and believed that our Group could leverage on the upcoming development of this industry to expand our business, and thus decided to invest in our Group. Each of Shenzhen Zhichen, Shenzhen Zhichen PE, Mr. Chen Ning and Mr. Huang Zebin is an Independent Third Party, and each of Shenzhen Zhichen and its close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Ningbo Qipu

Ningbo Qipu is a limited partnership enterprise established in the PRC on May 26, 2017 primarily focuses on investing in our Group. Prior to investing in our Group, Ningbo Qipu did not have previous investment experiences in the IoT industry. Each of the assets managed by Ningbo Qipu and its registered capital both amounted to approximately RMB6 million, as of December 31, 2021 and the Latest Practicable Date, respectively, which were primarily utilized as the [REDACTED] investment in our Company.

The sole general partner of Ningbo Qipu is Shanghai Qipu Investment Management Co., Ltd. (上海啟浦投資管理有限公司) (“**Shanghai Qipu**”) holding 0.1664% interest, and the remaining five limited partners include the single largest shareholder of Ningbo Qipu, Mr. Xing Wenlong (刑文龍) who holds 33.2779% interest. Mr. Xing Wenlong is an individual private investor who is the sole general partner of Gongqingcheng Bojiahe Investment Partnership (LLP) (共青城博嘉合投資合夥企業(有限合夥)) with investments in various business sectors and is currently serving as the general manager of Beijing Bolong Jiaying Technology Trading Co., Ltd. (北京博隆嘉興科貿有限公司). Shanghai Qipu is in turn controlled by Ms. Dai Yanfei (戴豔斐) and is a limited liability company established in the PRC principally engaged in private equity and venture capital investment. Ms. Dai Yanfei has over 10 years of experience working in the finance field. From March 2016 to May 2019, she joined Shanghai Qipu as the marketing director in 2016 with her last position as the general manager.

After conducting independent market research and analysis of potential high-growth enterprises in the PRC, Ms. Dai Yanfei and her team were optimistic about the future prospect of the industry where our Group operates in. Having learnt about the investment opportunity in our Group from the market, they then approached our Group in late 2019, and decided to invest in our Group after further discussion with our Group on its future plans. Each of Ningbo Qipu, Shanghai Qipu, Mr. Xing Wenlong and Ms. Dai Yanfei is an Independent Third Party, and each of Ningbo Qipu and its close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

Ms. Ding Di, Zhangzhou Heze and Mr. Wu Chak Man

Ms. Ding is an individual venture capital investor who has participated in various investment opportunities in different target companies encompassing various business sectors, especially the internet industry. Ms. Ding and Mr. Wu Chak Man are spouses of each other. Ms. Ding ceased to hold any shareholding interest in our Group directly as an investor after the transfer of all equity interest held by her in Nanjing Howking to Parka Aragon, an investment holding vehicle ultimately held by Mr. Wu, in December 6, 2021. For further details, see “— Reorganization — Onshore Reorganization — Conversion of Nanjing Howking into a sino-foreign joint venture” in this section. Mr. Wu is an individual venture capital investor who has over 20 years of investment experience in various industries. He is the founding partner of MFund Venture Capital and the chief executive officer of Shanghai Moliang Venture Investment Center (LLP) (上海魔量創業投資中心(有限合夥)) and is concurrently serving as an

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independent non-executive director of China Parenting Network Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 1736).

Zhangzhou Heze is a limited partnership enterprise established in the PRC on December 6, 2018 with a focus on venture capital investment to nurture entrepreneurs and innovation in various fields, such as artificial intelligence, internet commerce, social media, etc. As of the Latest Practicable Date, the registered capital of Zhangzhou Heze amounted to RMB170 million, with its assets under management amounted to approximately RMB162 million as of December 31, 2021.

The sole general partner of Zhangzhou Heze is Ningbo Meishan Bonded Port Mofan Investment Management Co., Ltd. (寧波梅山保稅港區魔範投資管理有限責任公司) (“**Ningbo Meishan**”), holding 0.5882% interest, and the remaining 12 limited partners of Zhangzhou Heze include Ms. Ding who holds 10.0000% interest. Ningbo Meishan is controlled by its founder, Ms. Ding and is a limited liability company established in the PRC principally engaged in fund management in the PRC.

Ms. Ding and Mr. Wu became acquainted with Dr. Chen through referral by their mutual friend in January 2019, both of which (except Zhangzhou Heze) had previous investment experiences in the IoT industry prior to investing in our Group. After discussion with Dr. Chen on our Group’s future plans, Ms. Ding and Mr. Wu were both optimistic with the future prospects of our Group, the growth potential of the application of 5G technology in the telecommunication industry and in recognition of the management expertise of Dr. Chen and his team, and thus decided to invest in our Group. Each of Zhangzhou Heze, Ningbo Meishan, Ms. Ding and Mr. Wu is an Independent Third Party, and each of Ms. Ding, Mr. Wu and Zhangzhou Heze and their respective close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

Shenzhen Brightmin

Shenzhen Brightmin is the investment holding entity controlled by Ms. Sun Shaomin (孫少敏) (“**Ms. Sun**”). Shenzhen Brightmin is a limited partnership enterprise established in the PRC on September 1, 2021, the sole general partner of which is Ms. Sun holding 99.9% interest, and the limited partner of which is an Independent Third Party holding 0.1% interest. Shenzhen Brightmin is an investment vehicle of Ms. Sun which was established solely for the purpose of investing in our Company. As of the Latest Practicable Date, the registered capital of Shenzhen Brightmin amounted to RMB6 million, which primarily represented the investment amount in our Company and Shenzhen Brightmin did not hold any other investments save for its investment in our Company.

Ms. Sun is a personal acquaintance of Dr. Chen from their hometown for more than 10 years, who is an individual private investor with over 20 years of experience investing in various industries. She is a retired civil servant in the PRC who did not have previous investment experiences in the IoT industry prior to investing in our Group and was looking for investment

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opportunities in the PRC at the time of her investment in our Company. In view of the development of our Company and the application of 5G technology in the telecommunication industry, Ms. Sun decided to invest in our Group.

Each of Shenzhen Brightmin and Ms. Sun is an Independent Third Party, and each of Shenzhen Brightmin and its close associates has no other past or present relationships (business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

Mr. Huang Jianzhong

Mr. Huang is principally engaged in the petrochemical energy field and is an individual private investor who has over 10 years of experience in private equity. Apart from his investment in our Group, Mr. Huang has also been investing in enterprises in the e-commerce and industrial digitalization industry. Prior to investing in our Group, he did not have previous investment experiences in the IoT industry. Mr. Huang is an Independent Third Party, and each of Mr. Huang and his close associates has no other past or present relationships (business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates. Mr. Huang became acquainted with Dr. Chen through referral by their mutual friend in October 2021. After several rounds of discussion with Dr. Chen on our Group's future plans and having paid a site visit to our Group's headquarters, Mr. Huang, who was optimistic with the future prospects of our Group and the growth potential of the application of 5G technology in the telecommunication industry and the IoT industry, decided to invest in our Group.

Ms. Wu Chin-Shan

Ms. Wu is a business partner of Dr. Chen, who has known Dr. Chen for more than 20 years since they met in a business occasion in the United States. She has over 20 years of experience engaging in the manufacturing and sales of electrical wires and other electronic components. Having worked in the electronic component industry, Ms. Wu is interested in the development of 5G technology nowadays and she was optimistic with the future prospects of our Group and was confident in the growth potential of the application of 5G technology in the telecommunication industry, and thus decided to invest in our Group. Prior to investing in our Group, she did not have previous investment experiences in the IoT industry. Save and except for her prior business relationship with Dr. Chen and her [REDACTED] investment in our Group, Ms. Wu is an Independent Third Party, and each of Ms. Wu and her close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

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Zibo Puhao

Zibo Puhao is a limited partnership enterprise established in the PRC on January 7, 2021, which is an investment holding platform primarily focusing on investments in the 5G, artificial intelligence, new materials and other innovative growth-oriented enterprises. Prior to investing in our Group, Zibo Puhao did not have previous investment experiences in the IoT industry. As of the Latest Practicable Date, the registered capital of Zibo Puhao amounted to RMB23 million, with its assets under management amounted to approximately RMB9 million as of December 31, 2021.

The sole general partner of Zibo Puhao is Shanghai Puchang Equity Investment Fund Management Co., Ltd. (上海浦昌股權投資基金管理有限公司) (“**Shanghai Puchang**”) holding 50% interest. Shanghai Puchang is controlled by Mr. Li Xubing (李許兵) and is a limited liability company established in the PRC principally engaged in project investment and investment management with a focus on government-funded and real estate. Mr. Li Xubing is one of the limited partners of Zibo Puhao and the general manager and chairman of Shanghai Puchang who has over seven years of experience in equity investment management and had worked in various financial institutions.

After conducting independent market research of 5G and telecommunication related enterprises in the PRC and participating in 5G and telecommunication related industry seminars and referral by a financial professional as approached by our Company for the purposes of identifying institutional investors, Mr. Li Xubing of Shanghai Puchang approached our Group in early 2021. Shanghai Puchang was optimistic about the future prospect of the telecommunication industry, especially the thriving development of 5G technology application in the industry and thus decided to invest in our Group through Zibo Puhao after further discussion with our Group on its future plans and the prospect of the telecommunication industry in the PRC. Each of Zibo Puhao, Shanghai Puchang and Mr. Li is an Independent Third Party, and each of Zibo Puhao and its close associates has no other past or present relationships (including business, employment, family, financing or otherwise) with our Company, including its subsidiaries, shareholders, directors and senior management, and their respective associates.

Save as disclosed above, as confirmed by the [REDACTED] Investors, each of the [REDACTED] Investors is independent of and has no other past and present relationships (including business transactions and personal relationships) with any of the other [REDACTED] Investors and their respective close associates, including their management and ultimate beneficial owners or controllers.

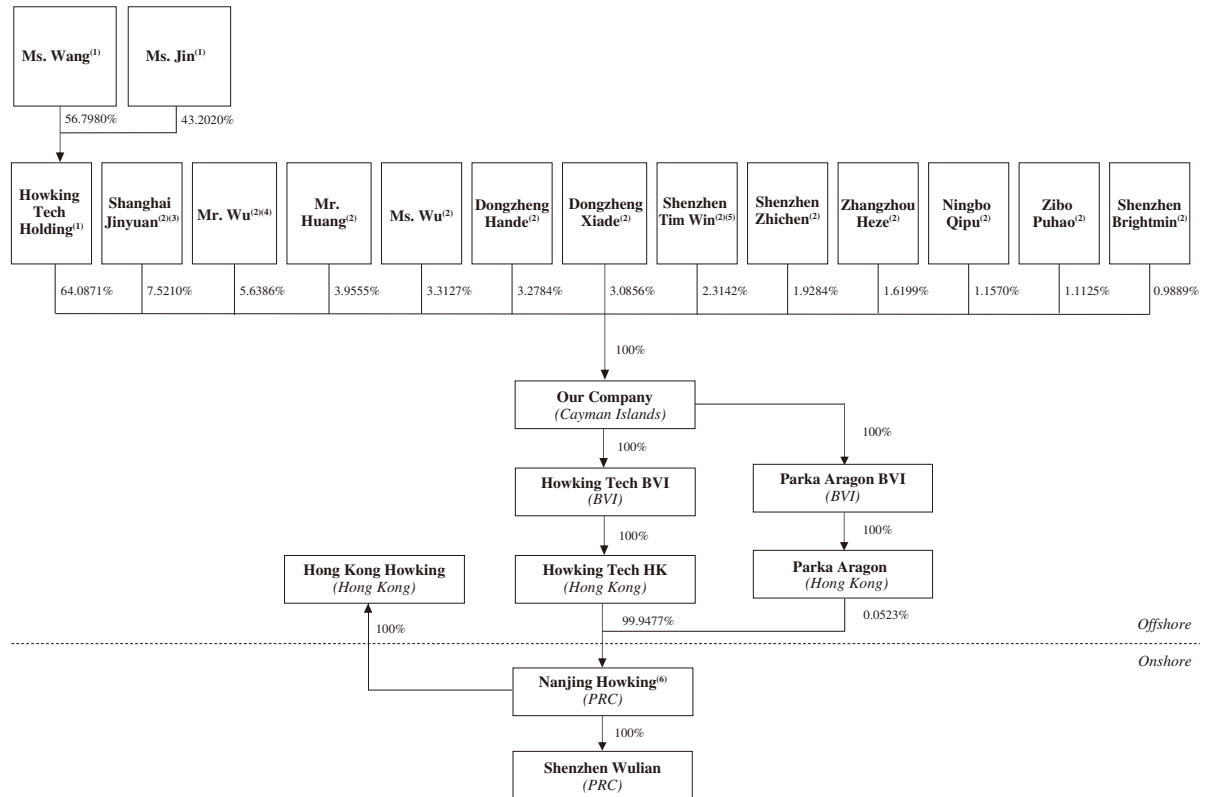
Compliance with Interim Guidance and Guidance Letters

After reviewing the documents relating to the [REDACTED] Investments, and given that (i) our Directors confirmed that the terms of the [REDACTED] Investments were determined based on arm’s length basis; and (ii) the [REDACTED] Investments were completed more than 28 days before the submission of the application for the [REDACTED], the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with the Interim Guidance on [REDACTED] Investment issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

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OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganization but before completion of the [REDACTED] and the [REDACTED]:



Notes:

- (1) Ms. Wang, Ms. Jin, Dr. Chen and Howking Tech Holding are regarded as a group of Controlling Shareholders. For details of our Controlling Shareholders, see “Relationship with our Controlling Shareholders” in this Document.
- (2) Huixin Qianhai (through its investment holding vehicle Shanghai Jinyuan), Mr. Wu, Mr. Huang, Ms. Wu, Dongzheng Hande, Dongzheng Xiade, Mr. Li Zhangpeng (through its investment holding vehicle, Shenzhen Tim Win), Shenzhen Zhichen, Zhangzhou Heze, Ningbo Qipu, Zibo Puhao and Shenzhen Brightmin are our [REDACTED] Investors. For further details, see “— [REDACTED] Investments” in this section.
- (3) Shanghai Jinyuan is the investment holding entity of Huixin Qianhai. Shanghai Jinyuan is a limited partnership enterprise established in the PRC, the sole general partner of which is Huixin Qianhai holding 99.99% interest, and the limited partner of which is Mr. Ye Xiang (葉翔) holding 0.01% interest.

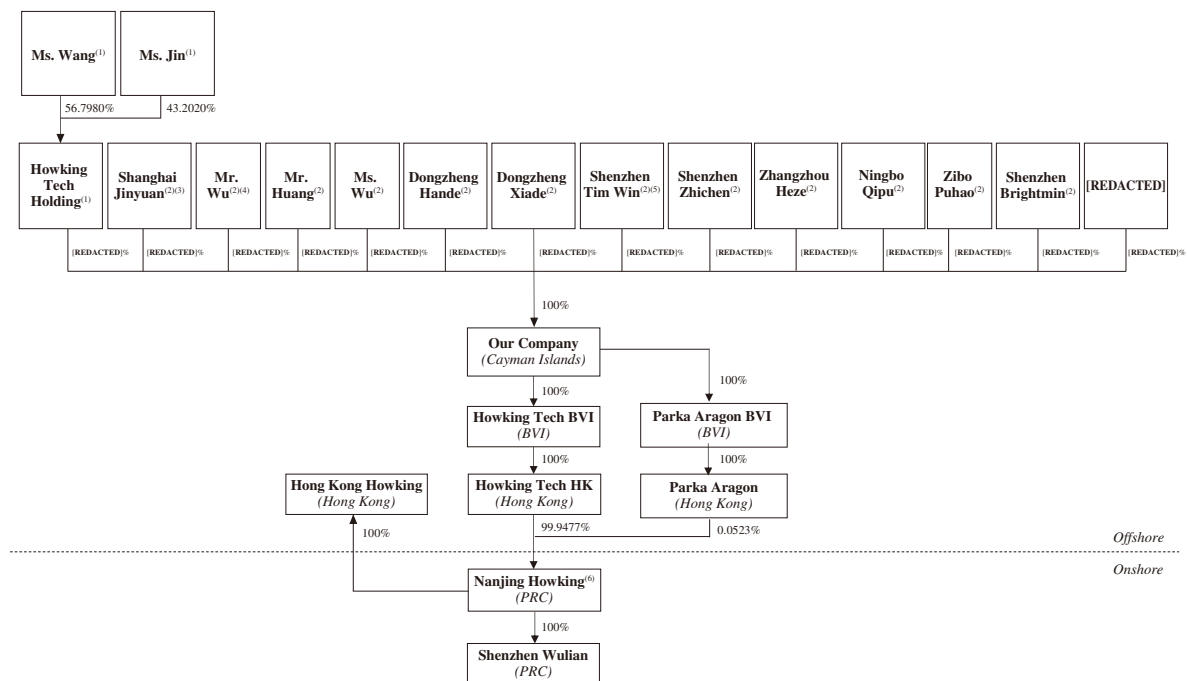
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- (4) The 56,379 Shares in aggregate held by Mr. Wu, representing 5.6386% of the total issued share capital of our Company immediately prior to the [REDACTED] and the [REDACTED], comprise (i) 49,438 Shares acquired through the transfer of Shares from Howking Tech Holding pursuant to Series B Investments; and (ii) 6,941 Shares through the allotment and issue of Shares by our Company in consideration for the acquisition of Parka Aragon BVI. For further details, see “ — [REDACTED] Investments — Series B and Series B+ Investments” and “ — Reorganization — Onshore Reorganization — Acquisition of Parka Aragon BVI by our Company” in this section.
- (5) Shenzhen Tim Win is the investment holding entity of Mr. Li Zhangpeng. Shenzhen Tim Win is a limited partnership enterprise established in the PRC, the sole general partner of which is Mr. Li Zhangpeng holding 99% interest, and the limited partner of which is an Independent Third Party holding 1% interest.
- (6) Nanjing Howking has one branch company in Shenzhen, the PRC.

[REDACTED] AND [REDACTED]

Conditional upon the creation of the Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], our Directors are authorized to capitalize an amount of US\$[REDACTED] standing to the credit of the share premium account of the Company by applying such sum towards paying up in full at par a total of [REDACTED] Shares for allotment and issue to the then existing Shareholders.

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the [REDACTED] and the [REDACTED], assuming the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme:



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Notes:

- (1) Ms. Wang, Ms. Jin, Dr. Chen and Howking Tech Holding are regarded as a group of Controlling Shareholders. For details of our Controlling Shareholders, see “Relationship with our Controlling Shareholders” in this Document.
- (2) Huixin Qianhai (through its investment holding vehicle Shanghai Jinyuan), Mr. Wu, Mr. Huang, Ms. Wu, Dongzheng Hande, Dongzheng Xiade, Mr. Li Zhangpeng (through its investment holding vehicle Shenzhen Tim Win), Shenzhen Zhichen, Zhangzhou Heze, Ningbo Qipu, Zibo Puhao and Shenzhen Brightmin are our [REDACTED] Investors, and the Shares held by them will be counted towards public float after the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules. For further details, see “— [REDACTED] Investments” in this section.
- (3) Shanghai Jinyuan is the investment holding entity of Huixin Qianhai. Shanghai Jinyuan is a limited partnership enterprise established in the PRC, the sole general partner of which is Huixin Qianhai holding 99.99% interest, and the limited partner of which is Mr. Ye Xiang (葉翔) holding 0.01% interest.
- (4) The [REDACTED] Shares in aggregate held by Mr. Wu, representing [REDACTED]% of the total issued share capital of our Company upon [REDACTED], comprise (i) [REDACTED] Shares acquired through the transfer of Shares from Howking Tech Holding pursuant to Series B investments; and (ii) [REDACTED] Shares through the allotment and issue of Shares by our Company in consideration for the acquisition of Parka Aragon BVI. For further details, see “— [REDACTED] Investments — Series B and Series B+ investments” and “— Reorganization — Onshore Reorganization — Acquisition of Parka Aragon BVI by our Company” in this section.
- (5) Shenzhen Tim Win is the investment holding entity of Mr. Li Zhangpeng. Shenzhen Tim Win is a limited partnership enterprise established in the PRC, the sole general partner of which is Mr. Li Zhangpeng holding 99% interest, and the limited partner of which is an Independent Third Party holding 1% interest.
- (6) Nanjing Howking has one branch company in Shenzhen, the PRC.

PRC LEGAL COMPLIANCE

SAFE and ODI Registration

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the “**Circular 37**”), promulgated by SAFE which became effective on July 4, 2014, a PRC resident must register with the local branch of SAFE before he contributes legal assets or equity interests in China or overseas in an overseas special purpose vehicle (the “**Overseas SPV**”), which is directly incorporated or indirectly controlled by the PRC resident for the purpose of overseas investment or financing; and following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including among others, a change of Overseas SPV’s PRC resident shareholder, such as, the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer of swap, and merger and division. Pursuant to Circular 37, failure to comply with these registration procedures may result in penalties. Pursuant to the Circular of the SAFE on Further Simplification and Improvement in

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Foreign Exchange Administration on Director Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) and the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) (collectively, the “**ODI Rules**”), a domestic institution shall undergo registration procedure for foreign investment in accordance with the provisions of the ODI Rules, which requires the domestic institution to register with relevant authorities prior to its overseas direct investment and obtain relevant recordation, approval, certificate or permit.

As advised by our PRC Legal Advisors, Ms. Wang and Ms. Jin have completed the foreign exchange registrations in September 2021 pursuant to Circular 37 and Circular 13, and the PRC corporate shareholders of our Company, namely Shanghai Jinyuan, Dongzheng Hande, Dongzheng Xiade, Shenzhen Tim Win, Shenzhen Zhichen, Zhangzhou Heze, Ningbo Qipu, Zibo Puhao and Shenzhen Brightmin have completed the registration/record-filing with Administrative Commission of China (Shanghai) Pilot Free Trade Zone in December 2021 pursuant to the ODI Rules in relation to their offshore investments as domestic institutions.

M&A Rules

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, SAIC, CSRC and SAFE, jointly issued the Provisions on the 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**”), which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisors, Nanjing Howking was a foreign-invested enterprise when the acquisition of Nanjing Howking by Howking Tech HK took place, the acquisition of Nanjing Howking by Howking Tech HK were the acquisition of equity in a foreign invested enterprise, and as such, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules to the contrary in the future, the acquisition of Nanjing Howking by Howking Tech HK were not subject to the M&A Rules and approval from MOFCOM or CSRC for the [REDACTED] is not required.