
SHARE CAPITAL

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB360,000,000, consisting of 360,000,000 shares, with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately after the [REDACTED] and conversion of Domestic Shares into H Shares (assuming the [REDACTED] is not exercised), the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic Shares	[REDACTED]	[REDACTED]%
H Shares to be converted from Domestic Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Note: See “History, Conversion and Corporate Structure – Corporate Structure – Corporate structure immediately following completion of the [REDACTED]” for details of the identities of our Shareholders whose Shares will be converted into H Shares upon [REDACTED].

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately following the [REDACTED] and conversion of Domestic Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic Shares	[REDACTED]	[REDACTED]%
H Shares to be converted from Domestic Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Note: See “History, Conversion and Corporate Structure – Corporate Structure – Corporate structure immediately following completion of the [REDACTED]” for details of the identities of our Shareholders whose Shares will be converted into H Shares upon [REDACTED].

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CLASS OF SHARES

Upon completion of the [REDACTED] and conversion of Domestic Shares into H Shares, our Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are both ordinary Shares in the share capital of our Company.

Our H Shares may only be subscribed for and traded in Hong Kong dollars. Our Domestic Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, through Shanghai-Hong Kong Stock Connect, or through Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, our H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Our Domestic Shares, on the other hand, can be purchased or transferred between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors.

We shall pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in RMB. See “Appendix V – Summary of Principal Legal and Regulatory Provisions” and “Appendix VI – Summary of Articles of Association” for details of the circumstances under which general meetings and class meetings of the Company are required.

Our H Shares and our Domestic Shares will rank equally with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document, except as described in this document. The differences between the two classes of Shares, provisions on class rights, dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the procedure of transfer of Shares and appointment of dividend receiving agents as contained in the Articles of Association are summarized in “Summary of the Articles of Association” in Appendix VI to this document.

Furthermore, any change or abrogation of the rights of class Shareholders shall be approved by way of a special resolution of the general meeting of Shareholders and by a separate class shareholders meeting of class Shareholders convened by the affected class of Shareholders. The circumstances under which a general meeting and/or a class meeting is required are summarized in “Summary of the Articles of Association” in Appendix VI to this document. However, the special approval process of separate classes of Shareholders is not required under the following circumstances:

- i. where the Company issues domestic shares and overseas listed foreign shares, upon approval by a special resolution of the general meeting, either concurrently or separately once every 12 months, and the quantity of domestic investment shares and overseas listed foreign shares intended to be issued does not exceed 20% of the outstanding shares of the respective classes;

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- ii. where the Company’s plan to issue domestic shares and overseas listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council; or
- iii. where, as approved by the securities regulatory authorities under the State Council and Hong Kong Stock Exchange, the transfer of domestic shares to foreign investors, the conversion of domestic shares of the Company into foreign shares and the [REDACTED] and trading of such shares on an overseas stock exchange.

Furthermore, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the [REDACTED], we do not propose to carry out any public or private issue or to place securities simultaneously with the [REDACTED] or within the next six months from the [REDACTED]. We have not approved any share issue plan other than the [REDACTED].

The [REDACTED] will rank pari passu in all respects with all Shares currently in issue or to be issued as mentioned in this Document and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a [REDACTED] which falls after the date of this Document.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

As of the Latest Practicable Date, we have one class of ordinary Shares, which is Domestic Shares. Our Domestic Shares are unlisted Shares which are currently not listed or traded on any stock exchange.

Upon completion of the [REDACTED] and pursuant to the approval of the CSRC dated April 12, 2022, [REDACTED] Domestic Shares held by eight Shareholders will be converted to H Shares on a one-for-one basis and be [REDACTED] for trading on the Stock Exchange. To the extent any Domestic Shares are not converted into H Shares, all unlisted Shares will comprise such number of Domestic Shares held by our Shareholders not converted into H Shares and we will have two classes of Shares, Domestic Shares and H Shares. The term “unlisted Shares” is used to describe whether certain Shares are listed on a stock exchange and is not unique to PRC laws.

If any of the unlisted Shares are to be converted, [REDACTED] and traded as H Shares on the Hong Kong Stock Exchange, such conversion, [REDACTED] and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

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Listing Review and Approval by the CSRC

In accordance with the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC, H-share listed companies which apply for the conversion of shares into H shares for listing and circulation on the Hong Kong Stock Exchange shall file the application with the CSRC according to the administrative licensing procedures necessary for the “examination and approval of public issuance and listing (including additional issuance) of overseas shares by a joint stock company”. An H-share listed company may apply for a “Full Circulation” separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas [REDACTED].

The Company applied for a “Full Circulation” when applying for an overseas [REDACTED] with the CSRC on December 30, 2021, and submitted the application reports, authorization documents of the shareholders of unlisted shares for which an H-share “full circulation” were applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The Company has received the reply from the CSRC dated April 12, 2022 in relation to the approval of the overseas [REDACTED] and “Full Circulation”, pursuant to which, (1) the Company was approved to issue no more than [REDACTED] H Shares with a nominal value of RMB1.00 each, which are all ordinary shares, and upon this issuance the Company may be [REDACTED] on the Main Board of the Hong Kong Stock Exchange; (2) a total of [REDACTED] unlisted shares and held by the eight Shareholders of the Company, namely Mr. Lyu Yixiong, Hongyin Investment, Nanyin Investment, Ximei Investment, Youngor Investment, Mr. Zhang Huai’an, Shanghai Yingfu, and Anxin Zhipu Investment (the “Full Circulation Participating Shareholders”), were approved to be converted into H Shares, and the relevant Shares may be [REDACTED] on the Hong Kong Stock Exchange upon completion of the conversion. This reply shall remain effective within 12 months from the date of approval.

Listing Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of [REDACTED] of, and permission to deal in, our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from [REDACTED] Domestic Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the conversion of unlisted shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. The Full Circulation Participating Shareholders may only deal in the Shares upon completion of following domestic procedures.

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Domestic Procedures

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

- i. We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-broader settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;
- ii. We will engage a domestic securities company (the “Domestic Securities Company”) to provide services such as the transmission of sell orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the “Hong Kong Securities Company”) for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by SZSE;
- iii. The SZSE shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the Converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;
- iv. According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share “Full Circulation” at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share “Full Circulation” at the Hong Kong Securities Company; and
- v. The Full Circulation Participating Shareholders shall submit trading orders of the Converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Hong Kong Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company.

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Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

A Shareholder holding Domestic Shares not converted into H Shares can work with the Company according to the Articles of Association and follow the procedures set out in this Document to convert the Domestic Shares into H Shares after the [REDACTED] if they want, provided that such conversion of Domestic Shares into and [REDACTED] and trading of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Hong Kong Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 141 of the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

The Company will work with the Domestic Securities Company to be engaged by the Company to restrict the trading of the H Shares converted from unlisted Shares technically within one year after the [REDACTED]. In the unlikely event that any Full Circulation Participating Shareholders trades their H Shares during such restriction period, as advised by the PRC Legal Advisors, there will be no administrative penalty on the Company under the PRC laws and regulations but there is risk that the underlying agreement for the transfer of such H Shares may be declared void pursuant to the Civil Code of the People’s Republic of China.

Our Directors, Supervisors and members of senior management shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management.

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REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, the Company is required to register the Domestic Shares with the China Clearing within 15 business days upon the [REDACTED] and provide a written report to the CSRC regarding the results of centralized registration and deposit of the Domestic Shares as well as the offering and [REDACTED] of the H Shares.

LOCK-UP PERIODS

In accordance with Article 141 of the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of our H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

Our Directors, Supervisors and members of senior management shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are listed and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management.

In addition, (i) each of our existing Shareholders has undertaken to us not to transfer our Shares it holds at the time of [REDACTED] within one year from the [REDACTED]; and (ii) the Controlling Shareholders have also given a lock-up undertaking to us, the Joint Sponsors and the [REDACTED]. See “[REDACTED] – [REDACTED] Arrangements and Expenses – [REDACTED] – Undertakings to the Stock Exchange pursuant to the Listing Rules – Undertakings by the Controlling Shareholders” for further details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders (i) increase its capital or decrease its capital or capital redemption reserve; (ii) consolidate our shares; (iii) divide its shares into several classes; (iv) subdivide our shares; and (v) cancel any shares which have not been taken up. See “Appendix VI – Summary of Articles of Association” in this Document for further details.

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SHAREHOLDERS’ GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which our Shareholders’ general meeting and Shareholders’ class meeting are required, see subsection “General Meeting” in “Appendix VI – Summary of the Articles of Association”.