

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR HISTORY

We are a comprehensive medical imaging solution provider and principally engage in providing medical imaging film products and medical imaging cloud services in Shandong Province. Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 December 2020 in preparation for the [REDACTED] and is the holding company of our Group.

Our history can be traced back to 2015 when Mr. Meng, the Chairman, the chief executive officer and an executive Director of our Company, established Shanghai Guanze at the China (Shanghai) Pilot Free Trade Zone, one of our principal operating entities. In view of the tax incentives and regional economic development driven by the expansion of China’s free trade zones, Mr. Meng established Shanghai Guanze at the China (Shanghai) Pilot Free Trade Zone in November 2015 for the purpose of undertaking the business of distributorship of medical equipments for the Medical Imaging Products Manufacturer. Mr. Meng has extensive experience in sales and corporate management in the medical device industry. Since then, we have gradually grown into a leading regional provider in the medical imaging market in Shandong Province with extensive business network and hospital coverage.

OUR BUSINESS MILESTONES

The following table outlines the key milestones in our business development.

November 2015	Set up of Shanghai Guanze
January 2016	Shanghai Guanze becoming Tier-1 distributor of the Medical Imaging Products Manufacturer
January 2017	Commencement of our medical imaging cloud services business
October 2017	Shanghai Guanze becoming Tier-2 distributor of the Medical Imaging Products Manufacturer
August 2018	Set up of Jinan Guanze to engage in our self-branded medical imaging film products business
September 2018	Completed the research and development of our self-branded medical image printer
October 2018	Completed the research and development of our self-branded self-service film output printer
November 2018	Obtained Class I medical device registration certificate for our self-branded thermal film
	Obtained Class I medical device registration certificate for our self-branded medical dry laser film

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December 2018	Obtained Class I medical device registration certificate for our self-branded medical image printer
	Obtained Class I medical device registration certificate for our self-branded self-service film output printer
January 2019	Obtained Class I medical device registration certificate for our self-branded medical printing film
	Completed the research and development of our self-branded medical image data distribution system
May 2020	Obtained software copyrights of the software in providing medical imaging cloud services
September 2020	Obtained software copyrights of the system in operating our self-branded self-service film output printer and medical image data distribution system
April 2021	Obtained ISO 9001:2015 certification for quality management system in respect of the production and sales of Class I medical device (medical printing film, thermal film)
	Obtained ISO 13485:2016 certification for medical device quality management system for the production and sales of medical printing film and thermal film
May 2021	Obtained ISO 20000-1:2018 certification for information technology service management system in respect of providing medical image information management software operation and maintenance services to external customers
	Obtained ISO 27001:2013 certification for information security management system in respect of the production and sales of medical printing film and thermal film
June 2021	Obtained Class II medical device registration certificate for our PACS system
December 2021	Accredited with High and New Technology Enterprise Certificate

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CORPORATE DEVELOPMENT

The following sets out the corporate history and changes in the shareholding composition of each member of our Group.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 December 2020 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Our Company is an investment holding company and is not currently engaged in any business activity.

As a result of the Reorganisation and before the [REDACTED], our Company became the holding company of our Group. As of the Latest Practicable Date, the issued share capital of our Company was held by Meng A Capital, Billion Vantage and Tang Operation as to 94.05%, 5% and 0.95%, respectively. Please refer to “Reorganisation” in this section for further details of the corporate development of our Company.

Our BVI and Hong Kong Subsidiaries

Guanze BVI

Guanze BVI was incorporated under the laws of the BVI with limited liability on 22 December 2020. Guanze BVI is an investment holding company. As of the Latest Practicable Date, Guanze BVI was held as to 100% by our Company. Please refer to “Reorganisation” in this section for further details of the corporate development of Guanze BVI.

Tang B Capital

Tang B Capital was incorporated under the laws of the BVI with limited liability on 10 December 2020. Tang B Capital is an investment holding company. As a result of the Reorganisation, Tang B Capital became a direct wholly-owned subsidiary of our Company. Please refer to “Reorganisation” in this section for further details of the corporate development of Tang B Capital.

Guanze HK

Guanze HK was incorporated in Hong Kong with limited liability on 15 January 2021. Guanze HK is an investment holding company. As of the Latest Practicable Date, Guanze HK was held as to 100% by Guanze BVI. Please refer to “Reorganisation” in this section for further details of the corporate development of Guanze HK.

Lingyun HK

Lingyun HK was incorporated in Hong Kong with limited liability on 13 January 2021. Lingyun HK is an investment holding company. As at the Latest Practicable Date, Lingyun HK was held as to 100% by Tang B Capital. As a result of the Reorganisation, Lingyun HK became an indirect wholly-owned subsidiary of our Company. Please refer to “Reorganisation” in this section for further details of the corporate development of Lingyun HK.

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Our PRC Subsidiaries

WFOE

WFOE is an indirect wholly-owned subsidiary of our Company established in the PRC on 22 February 2021 as a wholly foreign-owned limited liability company with an initial registered capital of RMB1 million. Since its establishment and up to the Latest Practicable Date, WFOE has been held as to 100% by Guanze HK. Please refer to “Reorganisation” in this section for further details of the corporate development of WFOE.

Shandong Guanze

Shandong Guanze was established in the PRC on 25 February 2021 as a limited liability company with an initial registered capital of RMB3 million and is principally engaged in investment holding. As a result of the Reorganisation, Shandong Guanze became an indirect non-wholly owned subsidiary of our Company which was held as to 98.9% by WFOE and 1.1% by Mr. Meng as at the Latest Practicable Date. Please refer to “Reorganisation” in this section for further details of the corporate development of Shandong Guanze.

Shanghai Guanze

Shanghai Guanze is one of the operating subsidiaries of our Group in the PRC and is principally engaged in the business of sales and distribution of medical imaging film products and providing medical imaging cloud services, and possesses Medical Device Business Operation Certificate and Class II Medical Device Business Registration Certificate. It was established under the laws of the PRC on 27 November 2015 at the China (Shanghai) Pilot Free Trade Zone as a limited liability company with an initial registered capital of RMB12 million. Upon its establishment, Shanghai Guanze was held as to 90% by Mr. Meng and 10% by Mr. Li. The capital contribution of RMB1.2 million by Mr. Li was fully settled in cash on 21 September 2016 in accordance with Shanghai Guanze’s articles and association.

On 20 November 2019, the shareholders of Shanghai Guanze resolved to increase the then registered capital of Shanghai Guanze from RMB12 million to RMB93.75 million. The additional capital of RMB81.75 million shall be contributed by Mr. Meng. Following the aforesaid capital increase, Shanghai Guanze was held as to 98.72% by Mr. Meng and 1.28% by Mr. Li. Shanghai Guanze completed the registration of the above changes with the competent Chinese government authority and obtained the renewed business licence on 3 December 2019.

As the then registered capital of Shanghai Guanze was, in the view of the Directors, more than that required for the company’s business activity, on 21 April 2020, the shareholders of Shanghai Guanze resolved to reduce the then registered capital of Shanghai Guanze from RMB93.75 million to RMB50.0 million, among which the capital contributed by Mr. Meng was reduced by RMB43.75 million. Following the aforesaid capital reduction, Shanghai Guanze was held as to 97.6% by Mr. Meng and 2.4% by Mr. Li. The capital contribution of RMB48.8 million by Mr. Meng was fully settled in cash on 11 May 2020 in accordance with Shanghai Guanze’s articles and association. Shanghai Guanze completed the registration of the above changes with the competent Chinese government authority and obtained the renewed business licence on 18 June 2020. As advised by our PRC Legal Advisers, the above reduction of registered capital was in full compliance with applicable laws and regulations of the PRC.

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As a result of the Reorganisation, the registered capital of Shanghai Guanze was further reduced to RMB12.0 million and Shanghai Guanze became an indirect non-wholly owned subsidiary of our Company held as to 99% by Shandong Guanze and 1% by Lingyun HK. Please refer to “Reorganisation” in this section for further details.

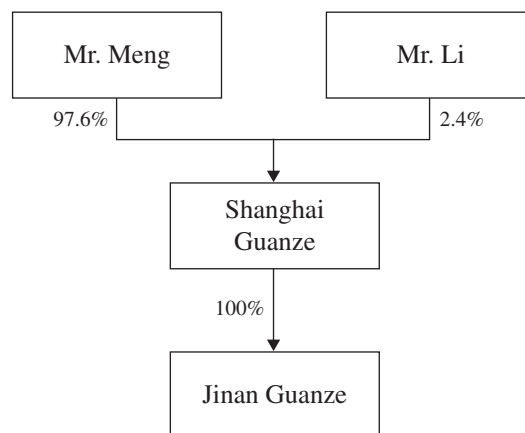
Jinan Guanze

Jinan Guanze is one of the operating subsidiaries of our Group in the PRC and is principally engaged in the business of providing medical imaging film products and medical imaging cloud services, and possesses among others, Class I Medical Device Business Registration Certificate, Class II Medical Device Business Registration Certificate, Class III Medical Device Business Registration Licence and Medical Device Permit (Year 2017 Catalogue: Class II; 21-02 Image Processing Software). For details on licences and permits possessed by Jinan Guanze, please refer to “Business — Licence and Permits”. It was established under the laws of the PRC as a limited liability company on 30 August 2018 with an initial registered capital of RMB12 million, which had been fully settled in cash as at the Latest Practicable Date in accordance with Jinan Guanze’s articles and association. Upon its establishment, Jinan Guanze was held as to 90% by Shanghai Guanze and 10% by Mr. Meng.

On 8 March 2019, Mr. Meng entered into an equity transfer agreement with Shanghai Guanze, pursuant to which Mr. Meng agreed to transfer 10% equity interest (which had not been paid up at the material time) in Jinan Guanze to Shanghai Guanze at nil consideration. Jinan Guanze completed the registration of the above changes with the competent Chinese government authority and obtained the renewed business licence on 15 March 2019. Upon completion of the aforesaid transfer and up to the Latest Practicable Date, Jinan Guanze has been wholly owned by Shanghai Guanze.

REORGANISATION

The shareholding and corporate structure of our Group immediately before the Reorganisation is set out as follows:



In preparation for the [REDACTED], we carried out a series of restructuring steps for the purpose of establishing and streamlining our corporate structure for the [REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Step 1: Incorporation of offshore investment holding company and our offshore entities

Meng A Capital

On 10 December 2020, Meng A Capital was incorporated in the BVI and is authorised to issue a maximum of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. Upon incorporation, one ordinary share was allotted and issued to Mr. Meng at par, and Meng A Capital has been 100% held by Mr. Meng since its incorporation and up to the Latest Practicable Date. Meng A Capital is an investment holding company.

Our Company

On 11 December 2020, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon incorporation, one Share was allotted and issued at par to the initial subscriber, which was then transferred to Meng A Capital on the same day. Upon completion of the Reorganisation, our Company became the holding company of our Group.

Guanze BVI

On 22 December 2020, Guanze BVI was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each. Upon incorporation, one ordinary share of Guanze BVI was allotted and issued to our Company at par, and Guanze BVI has been 100% held by our Company since then and up to the Latest Practicable Date.

Guanze HK

On 15 January 2021, Guanze HK was incorporated in Hong Kong with limited liability with an initial share capital of HK\$1.00 of one share, which was allotted and issued to Guanze BVI. Since its incorporation and up to the Latest Practicable Date, Guanze HK has been 100% held by Guanze BVI.

Step 2: Incorporation of offshore companies by Dr. Tang

In preparation for the [REDACTED] Investment, Dr. Tang, an Independent Third Party, incorporated the offshore companies as set out below.

Tang Operation

On 10 December 2020, Tang Operation was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each. Upon incorporation, one ordinary share of Tang Operation was allotted and issued to Dr. Tang at par, and Tang Operation has been 100% held by Dr. Tang since then and up to the Latest Practicable Date. Tang Operation is an investment holding company.

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Tang B Capital

On 10 December 2020, Tang B Capital was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each. Upon incorporation, one ordinary share of Tang B Capital was allotted and issued to Tang Operation at par. Tang B Capital is an investment holding company.

Lingyun HK

On 13 January 2021, Lingyun HK was incorporated in Hong Kong with limited liability with an initial share capital of HK\$1.00 of one share, which was allotted and issued to Tang B Capital. Since its incorporation and up to the Latest Practicable Date, Lingyun HK has been 100% held by Tang B Capital. Lingyun HK is an investment holding company.

Step 3: Reduction of registered capital of Shanghai Guanze

As part of the Reorganisation, pursuant to the shareholders’ resolutions of Shanghai Guanze passed on 10 September 2020, the then registered capital of Shanghai Guanze was reduced from RMB50 million to RMB12 million, among which the capital contributed by Mr. Meng and Mr. Li was reduced by RMB36.92 million and RMB1.08 million, respectively. Following the aforesaid capital reduction, Shanghai Guanze was held as to 99% by Mr. Meng and 1% by Mr. Li. Shanghai Guanze completed the registration of the above changes with the competent Chinese government authority and obtained the renewed business licence on 6 November 2020.

Step 4: Transfer of 1% equity interest in Shanghai Guanze from Mr. Li to Lingyun HK

As part of the [REDACTED] Investment, pursuant to an equity transfer agreement dated 14 January 2021 between Mr. Li and Lingyun HK (the then wholly-owned investment vehicle of Dr. Tang), Mr. Li agreed to transfer 1% equity interest in Shanghai Guanze to Lingyun HK at a consideration of RMB460,000, which was determined after arm’s length negotiations between the parties with reference to the net asset value of Shanghai Guanze of approximately RMB46 million as at 30 November 2020 as appraised by an independent valuer in the PRC. Following completion of the aforesaid equity transfer, Shanghai Guanze became a sino-foreign joint venture and was held as to 99% by Mr. Meng and 1% by Lingyun HK. Shanghai Guanze completed the registration of the above changes with the competent Chinese government authority on 7 February 2021. The consideration of the aforesaid equity transfer was fully settled in cash by Lingyun HK on 8 April 2021. Please refer to “[REDACTED] Investments” in this section for further details.

Step 5: Establishment of WFOE and Shandong Guanze

WFOE

On 22 February 2021, WFOE was established as a wholly foreign-owned limited liability company in the PRC with an initial registered capital of RMB1 million to be contributed by Guanze HK. Since its establishment and up to the Latest Practicable Date, WFOE has been held as to 100% by Guanze HK.

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Shandong Guanze

On 25 February 2021, Shandong Guanze was established as a limited liability company in the PRC with an initial registered capital of RMB3 million to be contributed by WFOE. At the time of its establishment and up to the Latest Practicable Date, Shandong Guanze was held as to 100% by WFOE.

Step 6: Transfer of 99% equity interest in Shanghai Guanze from Mr. Meng to Shandong Guanze and subscription of increased registered capital in Shandong Guanze by Mr. Meng

Pursuant to an equity transfer agreement dated 1 March 2021 between Mr. Meng and Shandong Guanze, Mr. Meng agreed to transfer 99% equity interest in Shanghai Guanze to Shandong Guanze at a consideration of approximately RMB45.50 million, which was determined with reference to the net asset value of Shanghai Guanze of approximately RMB46 million as at 30 November 2020 as appraised by an independent valuer in the PRC, and such consideration was settled by way of Shandong Guanze issuing 1% equity interest in Shandong Guanze in the amount of RMB30,300 to Mr. Meng on 1 March 2021.

Pursuant to the shareholders’ resolutions of Shandong Guanze passed on 1 March 2021, the registered capital of Shandong Guanze was increased from RMB3 million to RMB3.0303 million, and such increased portion of the registered capital in the amount of RMB30,300, representing 1% of the equity interest in Shandong Guanze, was subscribed by Mr. Meng as aforementioned.

Upon completion of the aforesaid transfer of 99% equity interest in Shanghai Guanze from Mr. Meng to Shandong Guanze and subscription of the increased registered capital in Shandong Guanze by Mr. Meng, (i) Shanghai Guanze was held as to 99% by Shandong Guanze and 1% by Lingyun HK; and (ii) Shandong Guanze was held as to 99% by WFOE and 1% by Mr. Meng. Shandong Guanze and Shanghai Guanze completed the registration of the above changes with the competent Chinese government authority and obtained the renewed business licence on 2 March 2021 and 8 March 2021, respectively.

Step 7: Share swap between Tang Operation and our Company

As part of the [REDACTED] Investment, pursuant to a sale and purchase agreement dated 9 April 2021 between our Company and Tang Operation, Tang Operation transferred one share of Tang B Capital, representing the entire issued share capital of Tang B Capital, to our Company on 9 April 2021 in consideration for the allotment and issue of one Share in our Company, credited as fully paid, to Tang Operation. On the same day, our Company further allotted and issued 98 Shares at par to Meng A Capital.

Upon completion of the aforesaid share swap, (i) Tang B Capital became a direct wholly-owned subsidiary of our Company, and Lingyun HK was accordingly an indirect wholly-owned subsidiary of our Company; and (ii) our Company was held as to 99% by Meng A Capital and 1% by Tang Operation. Please refer to “[REDACTED] Investments” in this section for further details.

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Step 8: Subscription of Shares by Billion Vantage

As part of the [REDACTED] Investment, pursuant to a subscription agreement dated 24 April 2021 between our Company and Billion Vantage, on 26 April 2021, Billion Vantage subscribed for 100 Shares, representing 5% of the then issued share capital of our Company as enlarged by the allotment and issue of Shares to Meng A Capital and Tang Operation as mentioned below, at a consideration of HK\$16.5 million, which was determined after arm’s length negotiations between the parties. On the same day, our Company further allotted and issued 1,782 Shares and 18 Shares at par to Meng A Capital and Tang Operation, respectively. Upon completion of the aforesaid subscription of Shares, our Company was held as to 94.05%, 5% and 0.95% by Meng A Capital, Billion Vantage and Tang Operation, respectively. Please refer to “[REDACTED] Investments” in this section for further details.

Step 9: Increase of registered capital of Shandong Guanze and capital contribution made by Mr. Meng

For the purpose of settling the amount due to Mr. Meng as a result of the reduction of registered capital of Shanghai Guanze as part of the Reorganisation, on 13 September 2021, shareholders’ resolutions were passed to approve the increase in registered capital of Shandong Guanze from RMB3.0303 million to RMB3.0333 million through a capital contribution of RMB25 million made by Mr. Meng. RMB3,000 of such capital injection was credited to the registered capital of Shandong Guanze and the remaining RMB24.997 million was credited to the capital reserve of Shandong Guanze. The amount was paid up in cash on 16 September 2021. Such increased portion of registered capital in the amount of RMB3,000, representing 0.1% of the equity interest in Shandong Guanze, was subscribed by Mr. Meng.

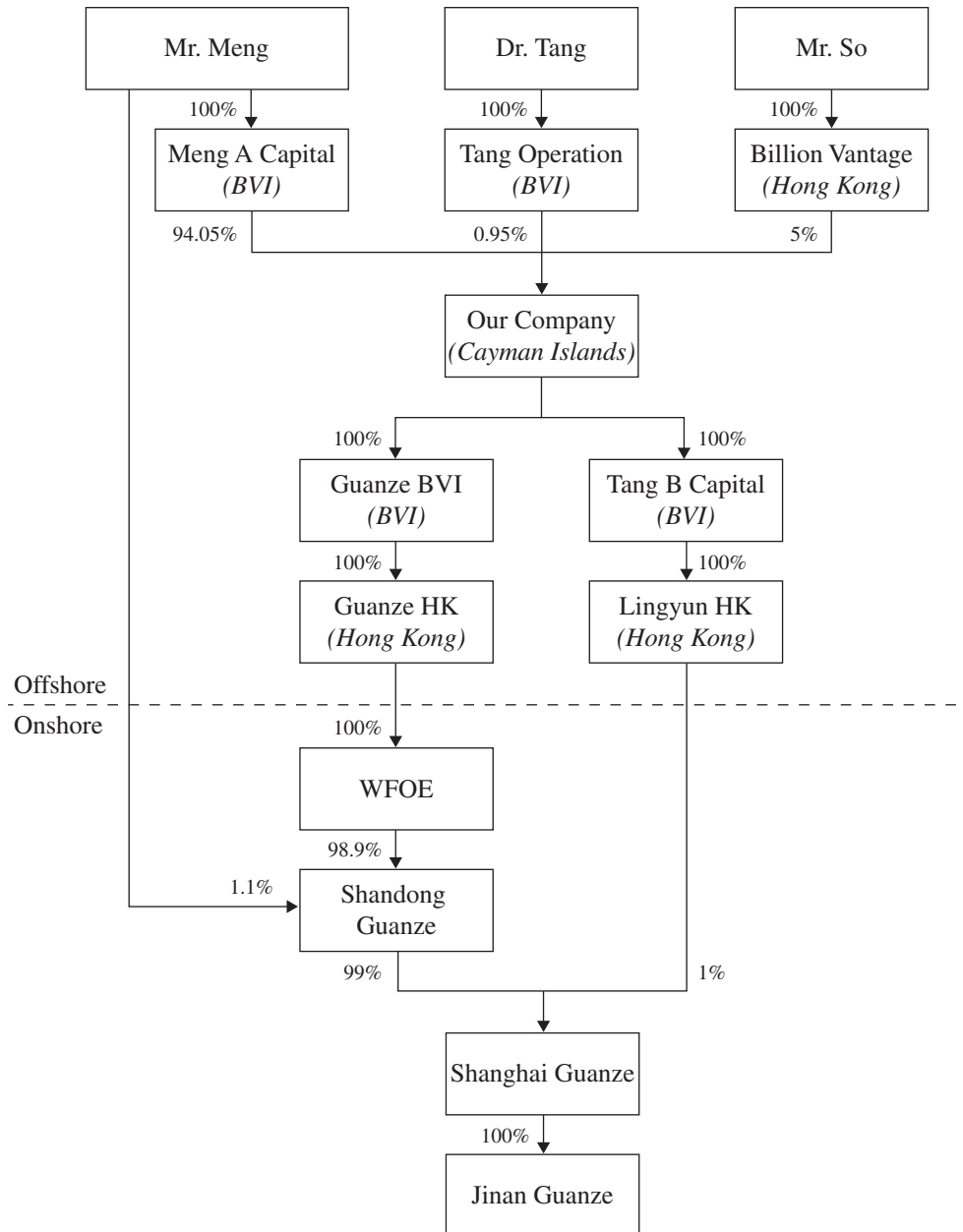
Upon completion of the aforesaid subscription of the increased registered capital in Shandong Guanze by Mr. Meng, Shandong Guanze was held as to 98.9% by WFOE and 1.1% by Mr. Meng. Shandong Guanze completed the registration of the above changes with the competent Chinese government authority and obtained the renewed business licence on 14 September 2021. Please refer to “Step 3: Reduction of registered capital of Shanghai Guanze” in this section for further details on the reduction of registered capital in Shanghai Guanze.

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SHAREHOLDING AND CORPORATE STRUCTURE

Our Shareholding and Corporate Structure after completion of the Reorganisation but before the [REDACTED] and [REDACTED]

The shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before the [REDACTED] and the [REDACTED] is set out as follows:



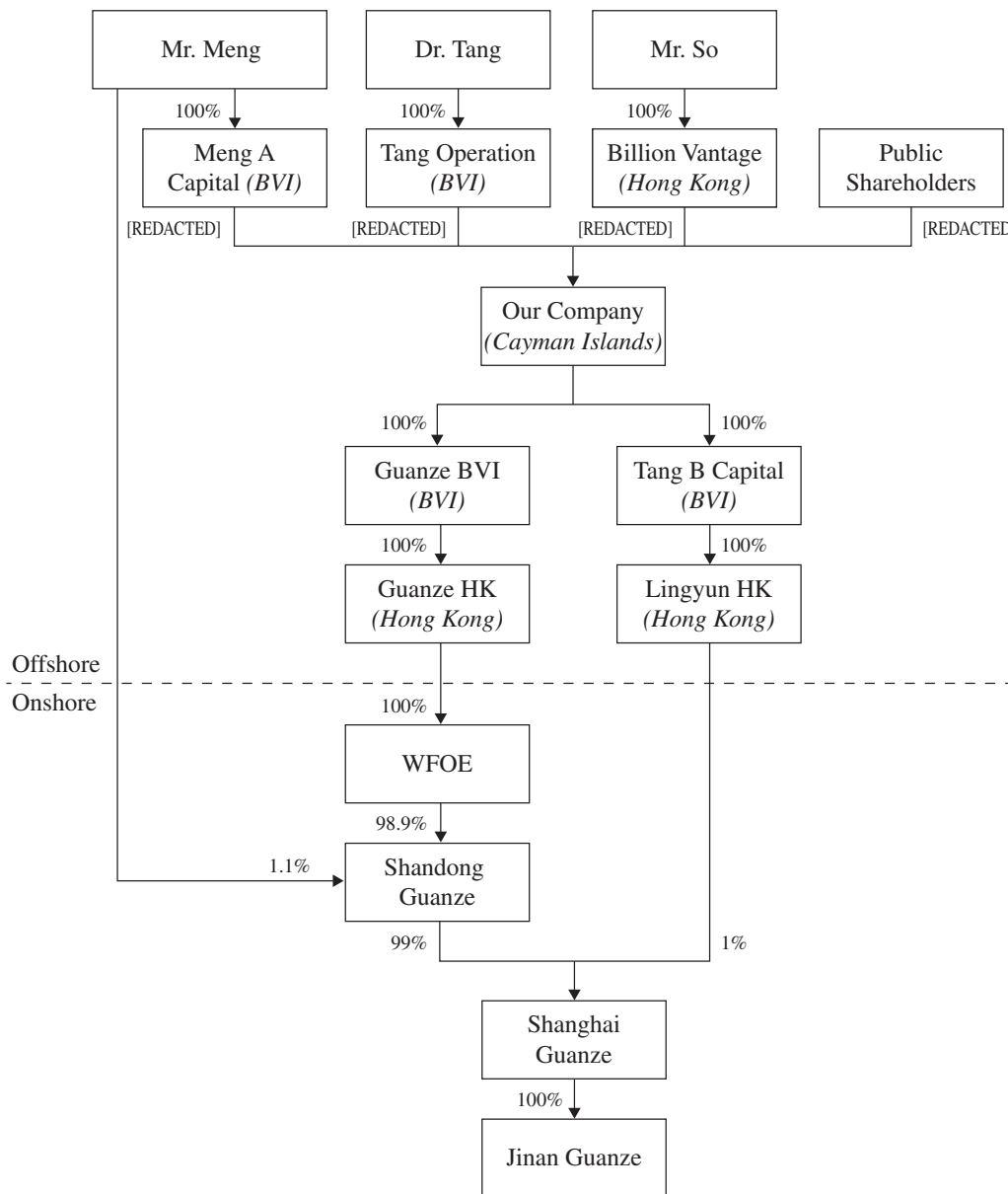
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[REDACTED] and [REDACTED]

Conditional upon the creation of our Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company will be [REDACTED] 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.

Our Shareholding and Corporate Structure after completion of the [REDACTED] and the [REDACTED]

The shareholding and corporate structure of our Group immediately after completion of the [REDACTED] and the [REDACTED] is set out as follows:



Note: The total percentage does not add up to 100% due to rounding.

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[REDACTED] INVESTMENTS

There were two [REDACTED] Investments in our Company, details of which are set out below:

(i) [REDACTED] Investment made by Tang Operation

Pursuant to an equity transfer agreement dated 14 January 2021 between Mr. Li and Lingyun HK (the then wholly-owned investment vehicle of Dr. Tang), Lingyun HK acquired 1% equity interest in Shanghai Guanze from Mr. Li at a consideration of RMB460,000. To reflect the investment of Lingyun HK at our Company’s level, pursuant to a sale and purchase agreement dated 9 April 2021 between our Company and Tang Operation, which was the wholly-owned investment holding company of Dr. Tang, Tang Operation transferred one share, representing the entire issued share capital of Tang B Capital, to our Company in consideration for the allotment and issue of one Share in our Company to Tang Operation. Upon completion of the aforesaid transfers and prior to the [REDACTED] Investment made by Billion Vantage, Dr. Tang, through Tang Operation, held 1% of the issued share capital of our Company and Tang B Capital became a wholly-owned subsidiary of our Company. Please refer to “Reorganisation — Step 4: Transfer of 1% equity interest in Shanghai Guanze from Mr. Li to Lingyun HK” and “Reorganisation — Step 7: Share swap between Tang Operation and our Company” in this section for further details.

(ii) [REDACTED] Investment made by Billion Vantage

Pursuant to a subscription agreement dated 24 April 2021 between our Company and Billion Vantage, Billion Vantage subscribed for 100 Shares, representing 5% of the then issued share capital of our Company, at a consideration of HK\$16.5 million.

The following table sets out a summary of the principal terms of the [REDACTED] Investments.

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Principal terms of the [REDACTED] Investments

Name of the [REDACTED] Investor:	Tang Operation	Billion Vantage
Name of beneficial owner:	Dr. Tang	Mr. So
Date of the agreement:	14 January 2021	24 April 2021
Amount of consideration:	RMB460,000 paid to Mr. Li for the acquisition of 1% equity interest in Shanghai Guanze from Mr. Li, which was determined after arm’s length negotiations between the parties with reference to the net asset value of Shanghai Guanze of approximately RMB46 million as at 30 November 2020 as appraised by an independent valuer in the PRC and also having taken into account the strategic benefits which would be brought by Dr. Tang to our Group as detailed below.	HK\$16.5 million paid to our Company for the subscription of new Shares, representing 5% of the enlarged issued share capital of our Company, which was determined after arm’s length negotiations between the parties after taking into account a number of factors, including the timing of the investment, financial performance and prospects of our business and industry outlook.
Date on which the consideration was fully settled:	8 April 2021	26 April 2021
Shareholding in our Company immediately after the [REDACTED] Investments:	0.95%	5%
Number of Shares held by the [REDACTED] Investor upon completion of the [REDACTED] and the [REDACTED] ⁽¹⁾ :	[REDACTED] Shares (representing approximately [REDACTED] of the issued share capital of our Company upon completion of the [REDACTED] and the [REDACTED])	[REDACTED] Shares (representing approximately [REDACTED] of the issued share capital of our Company upon completion of the [REDACTED] and the [REDACTED])
Cost per Share paid (taking into account the [REDACTED]):	Approximately HK\$[REDACTED] (representing a discount of approximately [REDACTED] to the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED])	Approximately HK\$[REDACTED] (representing a discount of approximately [REDACTED] to the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED])
Special Rights:	No special rights have been granted under the [REDACTED] Investments.	

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Strategic benefits to our Group:	Our Directors are of the view that we would be able to benefit from the knowledge and network of Dr. Tang in big data and convolutional neural network, based on which our Directors believe that Dr. Tang would provide valuable technical advice or insights regarding our Group’s medical imaging cloud services and the integration or development of AI-aided diagnosis software to be acquired or developed by our Group. For further details of Dr. Tang’s background, please refer to the paragraph headed “Information of the [REDACTED]” below”.	Our Directors are of the view that the [REDACTED] Investment made by Billion Vantage would serve as an additional working capital and provide an immediate available fund for supporting our Group’s business.
Use of proceeds:	Not applicable. The consideration was paid by Lingyun HK to Mr. Li.	All proceeds will be used for business expansion, capital expenditures, general working capital needs or otherwise permitted by and in accordance with the business plans of our Company. As at the Latest Practicable Date, approximately RMB1.72 million remained unutilised.
Lock-up period:	The Shares held by Tang Operation and Billion Vantage will be subject to lock-up for a period of six months commencing on the [REDACTED] Date.	
Public float:	Upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), Tang Operation and Billion Vantage will each hold less than 10% of the issued Shares. As Tang Operation and Billion Vantage and their respective beneficial owners are not core connected person of our Company, the Shares held by Tang Operation and Billion Vantage will be counted towards our public float after the [REDACTED].	

Note:

- (1) Assuming the [REDACTED] is not exercised.

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Information of the [REDACTED]

Information about Tang Operation

Tang Operation was incorporated in the BVI and is wholly and directly owned by Dr. Tang. Dr. Tang is currently serving as the senior engineer in software control system and big data of Palcan Energy Corporation and focused in convolutional neural network, which is most commonly applied to analyse visual imagery. Dr. Tang obtained a bachelor’s degree in engineering from Xiamen University (廈門大學) in July 1991. He further obtained a doctoral degree in precision instrument and machinery from Tsinghua University (清華大學) in June 2001. Dr. Tang published more than 20 research papers and United States patents in relation to fuel cells. To the best of our Directors’ knowledge, information and belief after making reasonable enquiries, Dr. Tang and Mr. Meng became acquainted when they attended Xiamen University (廈門大學). Dr. Tang decided to invest in our Company through Tang Operation in view of the prospects of our business growth. The source of funds for the [REDACTED] Investment of Tang Operation in the Company was derived from his own funds. Save for his previous directorship in Tang B Capital prior to the completion of the Reorganisation, Dr. Tang did not hold any other directorship in other subsidiaries of our Group, and is an Independent Third Party.

Save as disclosed above, to the best of our Directors’ knowledge, information and belief after making reasonable enquiries and as confirmed by Dr. Tang, Tang Operation and Dr. Tang have no past or present relationships with our Group or any connected persons of the Company and they are both Independent Third Parties.

Information about Billion Vantage

Billion Vantage is a limited company incorporated under the laws of Hong Kong and is wholly and directly owned by Mr. So. To the best of our Directors’ knowledge, information and belief after making reasonable enquiries, Mr. So and Mr. Meng became acquainted when they were students at Xiamen University (廈門大學). Having considered the prospect of our Group’s business, Mr. So decided to invest in our Group through the [REDACTED] Investment to seek for a long-term investment return. As confirmed by Mr. So, Billion Vantage is an investment holding company and the source of funds for the [REDACTED] Investment of Billion Vantage in the Company was came from his private investments and own businesses principally engaged in chemical trading and the provision of merchandising agency services in respect of gold and healthcare products in China.

Save as disclosed above, to the best of our Directors’ knowledge, information and belief after making reasonable enquiries and as confirmed by Mr. So, Billion Vantage and Mr. So have no past or present relationships with our Group or any connected persons of the Company and they are both Independent Third Parties.

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Sole Sponsor’s Confirmation

Given that (i) our Directors confirmed that the terms of the [REDACTED] Investments (including the consideration) were determined on arm’s length basis; (ii) no special rights have been granted under the [REDACTED] Investments; and (iii) the [REDACTED] Investments were completed more than 28 clear days before the date of submission of the application for the [REDACTED], the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with the Interim Guidance on [REDACTED] Investments (HKEx-GL29-12), the Guidance Letter on [REDACTED] Investments (HKEx-GL43-12) issued by the Stock Exchange, whereas the Guidance Letter on [REDACTED] Investments on Convertible Instruments (HKEx-GL44-12) issued by the Stock Exchange is not applicable.

LEGAL COMPLIANCE

Our PRC Legal Advisers have advised that with respect to the establishment, transfer of equity interests and change in registered capital in respect of the PRC companies in our Group, all requisite approvals, permits and licences required under the PRC laws and regulations have been obtained and all the necessary filings and registration have been effected in all material aspects. As advised by our PRC Legal Advisers, the procedures and steps under the Reorganisation involving the PRC companies in our Group complied with the relevant PRC laws and regulations in all material aspects.

M&A Provisions

According to Article 11 of the M&A Provisions, where a domestic company, enterprise or natural person intends to take over his/her related domestic company in the name of an offshore company which he/she lawfully established or controls, the takeover shall be subject to the examination and approval of MOFCOM; and according to Article 40 of the M&A Provisions, where a domestic company, enterprise or natural person holds an equity interest in a domestic company through an offshore special purpose company, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

Since Dr. Tang is not a related party to Shanghai Guanze and its then shareholders, as confirmed by our Directors, our PRC Legal Advisers advised that Article 11 of the M&A Provisions does not apply to the acquisition of 1% equity interest in Shanghai Guanze by Dr. Tang from Mr. Li and no approval from MOFCOM is required; given that Shanghai Guanze was an existing sino-foreign joint venture prior to the acquisition of 99% equity interest in Shanghai Guanze by Shandong Guanze, Article 11 of the M&A Provisions does not apply to the aforesaid acquisition. Further, the Reorganisation does not involve overseas listing transaction of special purpose companies formed for listing purposes and controlled directly or indirectly by PRC companies or PRC individuals, as defined under the M&A Provisions, and thus, does not require the approval from the CSRC.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

SAFE Registration in the PRC

Pursuant to the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment 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 "SAFE Circular No. 37"), promulgated by SAFE and which became effective on 14 July 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) 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 other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 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 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 "SAFE Circular No. 13"), promulgated by SAFE and which became effective on 1 June 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.

As advised by our PRC Legal Advisers, Mr. Meng, being our applicable shareholder, has completed the initial registration under the SAFE Circular No. 13 and the SAFE Circular No. 37 on 18 February 2021.