
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are one of the leading equipment operation service providers in China, with comprehensive equipment offerings and strong service capacities. According to the F&S Report, we were the largest equipment operation service provider in China in terms of revenue in 2021.

The shares of Far East Horizon, the direct holding company of our Company, have been listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3360) since March 2011. In anticipation of the [REDACTED], our Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 28, 2020. It became the holding company of our Group's operations in October 2020. After completion of the [REDACTED] and the [REDACTED], our Group will continue to be principally engaged in our already established equipment operation business, providing (i) operating lease services, (ii) engineering and technical services, and (iii) platform and other services; whilst Far East Horizon Group will continue to be principally engaged in (i) financial leasing and advisory services, and (ii) industrial operation and management services, including hospital investment and operation, preschool education and school operation management, trading and brokerage services, etc..

OUR BUSINESS MILESTONES

The following sets out our major business development milestones since our inception and up to the Latest Practicable Date:

<u>Year</u>	<u>Business Milestones</u>
2011	<ul style="list-style-type: none">• Shanghai Horizon Equipment & Engineering was established.• We commenced providing operating lease services for neo-excavation support system and road equipment.
2012	<ul style="list-style-type: none">• We commenced providing operating lease services for aerial work platform.
2013	<ul style="list-style-type: none">• Shanghai Hongjin Equipment & Engineering was established.• We commenced providing operating lease services for neo-formwork system and electrical power equipment.

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<u>Year</u>	<u>Business Milestones</u>
2014	<ul style="list-style-type: none">• Shanghai Horizon Equipment & Engineering and Shanghai Hongjin Equipment & Engineering were consolidated into Shanghai Horizon Construction Development.• We commenced providing operating lease services for forklift truck. Our four main business lines were established, including (i) neo-excavation support system, (ii) neo-formwork system, (iii) aerial work platform, and (iv) other equipment which consists of road equipment, forklift truck and electrical power equipment.• We commenced providing engineering and technical services to customers in the engineering equipment industry.
2016	<ul style="list-style-type: none">• We were ranked 38th in ACCESS 50 and were the first Chinese enterprise to rank as aerial work platform equipment service provider in the world in ACCESS 50.• We commenced providing platform and other services to customers in the engineering equipment industry.
2019	<ul style="list-style-type: none">• We were awarded Top Five Brands in the Synthetic Leasing Industry in 2019 by T50 Summit Organization Committee of World Construction Machinery Industry.
2020	<ul style="list-style-type: none">• We were awarded Top Ten Brands in the Engineering Equipment Leasing Industry in 2020 by T50 Summit Organization Committee of World Construction Machinery Industry.• We were ranked sixth in Top 50 Aerial Work Platform Leasing Companies in the World in ACCESS 50 in 2020 which was awarded by one of the world's largest international building information providers – KHL Group.

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<u>Year</u>	<u>Business Milestones</u>
2021	<ul style="list-style-type: none">• Investments were made in our Company by a group of strategic and [REDACTED] investors, including XCMG Construction Machinery Co., Ltd., Zoomlion Heavy Industry Science and Technology Co., Ltd., Hillhouse Capital V, Ltd., Zhejiang Dingli Machinery Co., Ltd., Linyi Lingong Machinery Group Co., Ltd., Terex Corporation and China Merchants Bank Co., Ltd.• We were ranked fourth in Top 50 Aerial Work Platform Leasing Companies in the World in ACCESS 50 and 24th in IRN World's Top 100 Rental Companies in 2021, each of which was awarded by KHL Group.
2022	<ul style="list-style-type: none">• We were ranked third in Top 50 Aerial Work Platform Leasing Companies in the World in ACCESS 50 and 14th in IRN World's Top 100 Rental Companies in 2022, each of which was awarded by KHL Group.• We were ranked first in China Top Ten Mobile Elevating Work Platform ("MEWP") Rental Company in 2022, which was awarded by T50 Summit Organization Committee of World Construction Machinery Industry.• Tianjin Horizon Construction Development Leasing was recognised as the Leader of Green Leasing in the China Financial Leasing "Tengfei Award" for the year of 2022, which was awarded by Global Leasing Competitiveness Forum.

OUR CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 28, 2020, with an initial authorized share capital of US\$50,000 divided into 50,000 ordinary shares with par value of US\$1.00 per Share. As of the Latest Practicable Date, our authorized share capital was US\$100,000 divided into 5,000,000,000 ordinary shares with par value of US\$0.00002 per Share, and is directly owned by Far East Horizon, Farsighted Wit Limited, Lanjin Limited and the other [REDACTED] Investors as to 80.95%, 6.23%, 1.07% and 11.74%, respectively. For details of further changes in share capital of our Company since its incorporation, please see "Appendix IV — Statutory and General Information — A. Further information about our Company — 2. Change in share capital of our Company" to this [REDACTED].

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Our Principal Subsidiaries

As of the Latest Practicable Date, our Company's subsidiaries are all wholly-owned subsidiaries. Set out below is the information of our principal subsidiaries:

Tianjin Horizon Construction Development Investment

Tianjin Horizon Construction Development Investment was established in the PRC as a limited liability company on June 20, 2019. Upon establishment, Tianjin Horizon Construction Development Investment had an initial registered capital of US\$400,000,000 and was wholly owned by Horizon Construction (HK). The principal business activity of Tianjin Horizon Construction Development Investment is investment holding.

Tianjin Horizon Construction Development Investment has undergone several increases in registered capital since its establishment, while its shareholding structure remained unchanged since its establishment. As of the Latest Practicable Date, Tianjin Horizon Construction Development Investment has a registered capital of US\$1,000,000,000 and is a wholly-owned subsidiary of our Company.

Shanghai Horizon Equipment & Engineering

Shanghai Horizon Equipment & Engineering was established in the PRC as a limited liability company on July 13, 2011. Upon establishment, Shanghai Horizon Equipment & Engineering had an initial registered capital of RMB100,000,000 and was wholly owned by Shanghai Donghong Co., Ltd., a wholly-owned subsidiary of Far East Horizon. The principal business activity of Shanghai Horizon Equipment & Engineering is engineering and technical services, equipment operating lease, and maintenance, installation and sale of equipment.

Shanghai Horizon Equipment & Engineering has undergone several transfers of equity interests and increases in registered capital since its establishment. On June 6, 2014, Shanghai Donghong Co., Ltd. transferred its 100% equity interests in Shanghai Horizon Equipment & Engineering to Shanghai Horizon Construction Development at a consideration of RMB202,309,769, which was determined after arm's length negotiation with reference to the net asset value of Shanghai Horizon Equipment & Engineering as at December 31, 2013. As of the Latest Practicable Date, Shanghai Horizon Equipment & Engineering has a registered capital of RMB4,912,984,400 and is a wholly-owned subsidiary of our Company.

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Shanghai Hongjin Equipment & Engineering

Shanghai Hongjin Equipment & Engineering was established in the PRC as a limited liability company on August 2, 2013. Upon establishment, Shanghai Hongjin Equipment & Engineering had an initial registered capital of RMB10,000,000 and was owned as to 55% by Shanghai Horizon Equipment & Engineering and 45% by Lanjin Stone. The principal business activity of Shanghai Hongjin Equipment & Engineering is engineering and technical services, equipment operating lease, and maintenance, installation and sale of equipment.

Shanghai Hongjin Equipment & Engineering has undergone several transfers of equity interests and increases in registered capital since its establishment. On May 19, 2014, Shanghai Horizon Equipment & Engineering transferred all of its 55% equity interests in Shanghai Hongjin Equipment & Engineering to Shanghai Horizon Construction Development at a consideration of RMB28,211,988, which was determined after arm's length negotiation with reference to the net asset value of Shanghai Horizon Equipment & Engineering as at December 31, 2013. On April 1, 2020, Lanjin Stone transferred all of its 45% equity interests in Shanghai Hongjin Equipment & Engineering to Shanghai Horizon Construction Development at a consideration of RMB131,000,000, which was determined after arm's length negotiation with reference to the appraised value of total shareholders' equity of Shanghai Hongjin Equipment & Engineering, i.e. RMB291,103,300, pursuant to the valuation report prepared by an independent valuer. As of the Latest Practicable Date, Shanghai Hongjin Equipment & Engineering has a registered capital of RMB600,000,000, and is a wholly-owned subsidiary of our Company.

Guangzhou Hongtu Equipment & Engineering

Guangzhou Hongtu Equipment & Engineering was established in the PRC as a limited liability company on March 23, 2015. Upon establishment, Guangzhou Hongtu Equipment & Engineering had an initial registered capital of RMB200,000,000 and was wholly owned by Shanghai Horizon Equipment & Engineering. The principal business activity of Guangzhou Hongtu Equipment & Engineering is engineering and technical services, equipment operating lease, and maintenance, installation and sale of equipment.

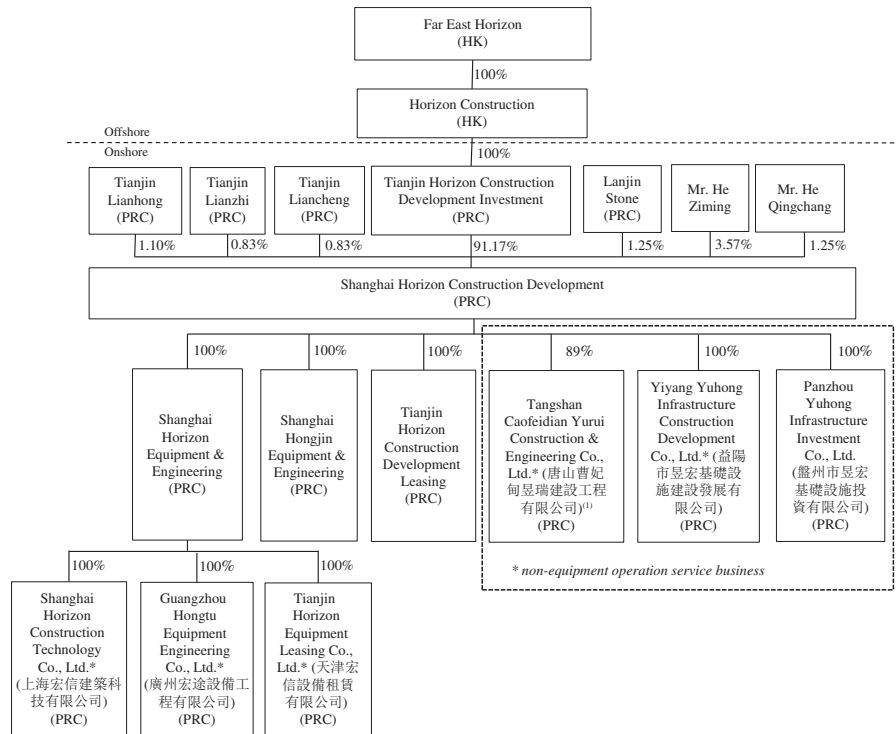
Guangzhou Hongtu Equipment & Engineering has undergone several increases in registered capital since its establishment, while its shareholding structure remained unchanged since its establishment. As of the Latest Practicable Date, Guangzhou Hongtu Equipment & Engineering has a registered capital of RMB1,133,220,000 and is a wholly-owned subsidiary of our Company.

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REORGANIZATION

In anticipation of our [REDACTED], we underwent the Reorganization pursuant to which our Company became the holding company and [REDACTED] of our Group.

The following chart shows the shareholding and corporate structure of our Group before the Reorganization:



Note:

- (1) The remaining 10% and 1% equity interest in Tangshan Caofeidian Yurui Construction & Engineering Co., Ltd.* (唐山曹妃甸昱瑞建设工程有限公司) was owned by Tangshan Caofeidian District Urban Construction Investment Group Co., Ltd.* (唐山市曹妃甸區城市建設投資集團有限公司) and China Railway 18th Bureau Group Fifth Engineering Co., Ltd.* (中鐵十八局集團第五工程有限公司), respectively, each of which is an Independent Third Party.

The Reorganization involved the following major steps:

1. Incorporation of our Company

On September 28, 2020, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorized share capital of US\$50,000 divided into 50,000 Shares with par value of US\$1.00 per Share. Upon incorporation, one Share of US\$1.00 was allotted and issued as fully paid at par value to an Independent Third Party, and then transferred to Far East Horizon on the same day. Our Company became a direct wholly-owned subsidiary of Far East Horizon.

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2. Transfers of Equity Interests in Shanghai Horizon Construction Development to Tianjin Horizon Construction Development Investment

On September 7, 2020, each of (i) Mr. He Ziming, (ii) Mr. He Qingchang, (iii) Lanjin Stone, (iv) Tianjin Lianhong, (v) Tianjin Lianzhi and (vi) Tianjin Liancheng (the “**Shanghai Horizon Construction Development Investors**”) entered into an equity transfer agreement with Tianjin Horizon Construction Development Investment and Shanghai Horizon Construction Development, pursuant to which Mr. He Ziming, Mr. He Qingchang, Lanjin Stone, Tianjin Lianhong, Tianjin Lianzhi and Tianjin Liancheng agreed to transfer 3.57%, 1.25%, 1.25%, 1.10%, 0.83% and 0.83% equity interests in Shanghai Horizon Construction Development to Tianjin Horizon Construction Development Investment at the consideration of RMB142,800,000, RMB50,000,000, RMB50,000,000, RMB44,160,000, RMB33,120,000 and RMB33,120,000, respectively. The consideration was determined based on arm’s length negotiations with reference to the net asset value of Shanghai Horizon Construction Development as at December 31, 2019 of RMB2,264,000,000, and the capital injections of RMB1,736,000,000 in March 2020. As of November 5, 2020, all the consideration had been settled.

Upon completion of such transfers and as of the Latest Practicable Date, Shanghai Horizon Construction Development is a direct wholly-owned subsidiary of Tianjin Horizon Construction Development Investment.

3. Exclusion of Non-equipment Operation Business

Immediately before the commencement of the Reorganization, Shanghai Horizon Construction Development controlled certain companies engaging in non-equipment operation service business within the corporate structure of our Group. These companies include Yiyang Yuhong Infrastructure Construction Development Co., Ltd.* (益陽市昱宏基礎設施建設發展有限公司) (“**Yiyang Yuhong**”), Tangshan Caofeidian Yurui Construction Engineering Co., Ltd.* (唐山曹妃甸昱瑞建設工程有限公司) (“**Tangshan Caofeidian**”) and Panzhou Yuhong Infrastructure Investment Co., Ltd.* (盤州市昱宏基礎設施投資有限公司) (“**Panzhou Yuhong**”, together with Yiyang Yuhong and Tangshan Caofeidian, the “**Excluded Businesses**”), which are project companies and principally engaged in the investment of infrastructure PPP projects.

In order to focus on the core business as an equipment operation service provider, Shanghai Horizon Construction Development has disposed of the Excluded Businesses, namely, (i) 100% equity interest in Yiyang Yuhong to Shanghai Hongxin Construction Investment Co., Ltd.* (上海宏信建設投資有限公司) (“**Shanghai Hongxin Construction Investment**”), a subsidiary of Far East Horizon, at a consideration of RMB38,475,217.08, which was determined based on the appraised net asset value of RMB38,475,217.08 pursuant to the valuation report prepared by Shanghai Qianyi Assets Appraisal Co., Ltd.* (上海仟一資產評估有限公司), an independent valuer, and had been fully settled as of

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October 12, 2020; (ii) 100% equity interest in Panzhou Yuhong to Shanghai Hongxin Construction Investment at a consideration of RMB86,879,632.90, which was determined based on the appraised net asset value of RMB86,879,632.90 pursuant to the valuation report prepared by Shanghai Qianyi Assets Appraisal Co., Ltd.* (上海仟一資產評估有限公司), an independent valuer, and had been fully settled as of October 12, 2020; and (iii) 89% equity interest in Tangshan Caofeidian to Shanghai Hongxin Construction Investment at a consideration of RMB34,176,100.00, which was determined based on the paid-up registered capital by Shanghai Horizon Construction Development of RMB34,176,100.00, and had been fully settled as of March 29, 2021. Upon completion of such disposals and as of the Latest Practicable Date, each of Yiyang Yuhong, Tangshan Caofeidian and Panzhou Yuhong ceased to be our subsidiary and its respective financial results has been de-consolidated from that of our Group.

There was no sharing of personnel, resources or facilities between our Group and the Excluded Businesses during the Track Record Period. To the best knowledge of our Directors, the disposals of the Excluded Businesses have not had and will not have any material impact on the operation and financial position of our Group. Our Directors also confirm that each of Yiyang Yuhong, Tangshan Caofeidian and Panzhou Yuhong has not been the subject of any material non-compliance, claims, litigation or legal proceedings (whether actual or threatened) which could have a material adverse effect on our business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date.

4. Allotment and Issue of Shares to Far East Horizon

The following transactions were effected to consolidate Tianjin Horizon Construction Development Investment and its subsidiaries into our Group.

On October 23, 2020, our Company and Far East Horizon entered into a contribution agreement, pursuant to which Far East Horizon transferred the entire issued share capital of Horizon Construction (HK) (formerly known as Jinsheng Construction (Hong Kong) Limited) to our Company for a consideration of one Share issued by our Company. The consideration was determined based on arm's length negotiations with reference to the paid-up capital of Horizon Construction (HK). As of October 23, 2020, two Shares had been allotted and issued to Far East Horizon. Upon completion of such transfer, Horizon Construction (HK) became a direct wholly-owned subsidiary of our Company.

As of December 17, 2020, Far East Horizon had provided to Horizon Construction (HK) shareholder loans in the principal sum of RMB3,746,001,000 (being converted to US\$564,913,966.01 at the fixed rate of RMB6.6311=US\$1.00) pursuant to the shareholder loan agreements entered into between them. On December 17, 2020, our Company, Far East Horizon and Horizon Construction (HK) entered into a novation deed, pursuant to

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which Far East Horizon transferred, and our Company accepted the transfer of Far East Horizon's rights and obligations under such shareholder loan agreements in consideration of a shareholder loan provided by Far East Horizon to our Company in an amount equal to US\$564,913,966.01.

On December 17, 2020, our Company and Far East Horizon entered into a subscription deed, pursuant to which Far East Horizon capitalized part of the shareholder loan in the amount of RMB3,392,800,000 (being converted to US\$511,649,650.92 at the fixed rate of RMB6.6311=US\$1.00) and our Company allotted and issued 36,466 Shares to Far East Horizon. The consideration was determined based on arm's length negotiations with reference to the capital contribution made by Far East Horizon to Tianjin Horizon Construction Development Investment before the Reorganization and had been settled as of December 17, 2020. As of December 17, 2020, 36,468 Shares had been allotted and issued to Far East Horizon. As of the Latest Practicable Date, the outstanding shareholder loan in the amount of RMB353,201,000 has been fully repaid by our Company to Far East Horizon.

Upon completion of the allotment and issue of Shares above, our Company remained as a direct wholly-owned subsidiary of Far East Horizon.

5. Allotment and Issue of Shares to Farsighted Wit Limited

We had been in negotiations with the Shanghai Horizon Construction Development Investors, to acquire their minority interests in Shanghai Horizon Construction Development as part of the Reorganization, while also offering them the opportunity to continue their investment in our Group through an investment in our Company. The Shanghai Horizon Construction Development Investors decided to continue their investment in our Group through Farsighted Wit Limited. For more details of the shareholding of Farsighted Wit Limited, please refer to "— Shareholding and Corporate Structure".

On December 18, 2020, our Company and Farsighted Wit Limited entered into a subscription agreement, pursuant to which our Company allotted and issued 3,532 Shares to Farsighted Wit Limited with reference to the proportion of the original shareholdings of the Shanghai Horizon Construction Development Investors in Shanghai Horizon Construction Development at an aggregate subscription price of US\$53,264,164.32 (equivalent to RMB353,200,000). The consideration was determined based on arm's length negotiation with reference to the net asset value of Shanghai Horizon Construction Development as at December 31, 2019 of RMB2,264,000,000, and the capital injections of RMB1,736,000,000 in March 2020 and had been settled as of December 18, 2020.

Upon completion of the allotment and issue of Shares above, our Company was owned as to 91.17% by Far East Horizon and 8.83% by Farsighted Wit Limited.

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6. Capital Increase in our Company by Far East Horizon and Lanjin Limited

On December 19, 2020, our Company, Far East Horizon and Lanjin Limited, entered into a subscription agreement, pursuant to which our Company allotted and issued 9,393 Shares and 607 Shares to Far East Horizon and Lanjin Limited at an aggregate subscription price of US\$141,650,706.53 and US\$9,153,835.71, respectively. The consideration was determined based on arm’s length negotiation with reference to the net asset value of Shanghai Horizon Construction Development for the year ended December 31, 2019 of RMB2,264,000,000, the capital injections of RMB1,736,000,000 in March 2020 and had been settled as of December 19, 2020. For details of the subscription made by Lanjin Limited, please refer to “[REDACTED] Investments”.

Upon completion of the allotment and issue of Shares above, our Company was owned as to 91.72%, 7.06% and 1.21% by Far East Horizon, Farsighted Wit Limited and Lanjin Limited, respectively.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisers have confirmed that save for the registration with Administration for Market Regulation in Caofeidian District, Tangshan City* (唐山曹妃甸市場監督管理局) for the disposal of Tangshan Caofeidian which is ceased to be our subsidiary and its respective financial results has been de-consolidated from that of our Group, which we expect to complete in September 2023, all requisite government approvals under the PRC laws and regulations have been obtained and all the necessary filings and registrations with the governmental authorities have been effected.

[REDACTED] INVESTMENTS

1. Overview

Our Company had introduced the [REDACTED] Investors primarily through capital increase in Shanghai Horizon Construction Development and investments in our Company during the period from March 2020 to May 2021.

1.1 Capital Increase in Shanghai Horizon Construction Development in 2020

On March 27, 2020, the Shanghai Horizon Construction Development Investors entered into a capital increase agreement with Tianjin Horizon Construction Development Investment and Shanghai Horizon Construction Development, pursuant to which the Shanghai Horizon Construction Development Investors agreed to make capital contributions to Shanghai Horizon Construction Development in the aggregate amount of RMB353,200,000. Upon completion of the capital increase in June 2020, Shanghai Horizon Construction Development was owned as to 8.83% by the Shanghai Horizon Construction Development Investors. Such consideration was determined after arm’ length negotiations with the Shanghai Horizon Construction Development Investors on normal commercial terms with reference to the net asset value of Shanghai Horizon Construction Development as at December 31, 2019 of RMB2,264,000,000.

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Details of the capital increase are set out below:

Investors	Mr. He Ziming	Mr. He Qingchang	Lanjin Stone	Tianjin Lianhong	Tianjin Lianzhi	Tianjin Liancheng
Date of agreement	March 27, 2020					
Consideration	RMB142,800,000	RMB50,000,000	RMB50,000,000	RMB44,160,000	RMB33,120,000	RMB33,120,000
Date of settlement of consideration	June 24, 2020	June 24, 2020	June 24, 2020	June 24, 2020	June 29, 2020	June 28, 2020
Equity interest being acquired	3.57% equity interests in Shanghai Horizon Construction Development	1.25% equity interests in Shanghai Horizon Construction Development	1.25% equity interests in Shanghai Horizon Construction Development	1.10% equity interests in Shanghai Horizon Construction Development	0.83% equity interests in Shanghai Horizon Construction Development	0.83% equity interests in Shanghai Horizon Construction Development
Cost per Share ¹ and discount to the [REDACTED] ²	RMB[REDACTED] (approximately HK\$[REDACTED]) per Share, representing a discount of [REDACTED]% to the [REDACTED].					
Use of proceeds	All proceeds had been fully used for procurement of equipment, replenishment of working capital and repayment of loans.					
Strategic benefits to our Company	The Shanghai Horizon Construction Development Investors were ultimately its key employees, including but not limited to management team members and key business personnel. The [REDACTED] Investment enabled Shanghai Horizon Construction Development to share its interests with the key employees by providing them with opportunities to invest in it, which helped retain the key employees for continual operation and attract suitable personnel for further development of Shanghai Horizon Construction Development, so as to maintain its competitiveness in the industry in a long term.					

Notes:

1. The approximate cost per Share is calculated based on the amount of consideration paid by each [REDACTED] Investor divided by the number of Shares to be held by it upon [REDACTED] (assuming the [REDACTED] is not exercised).
2. The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED].

As part of the Reorganization, the Shanghai Horizon Construction Development Investors transferred their minority interests in Shanghai Horizon Construction Development to Tianjin Horizon Construction Development Investment, and continued their investments in our Group through Farsighted Wit Limited with reference to the proportion of their original shareholdings in Shanghai Horizon Construction Development. For more details, please refer to “—Reorganization”. Immediately upon completion of the [REDACTED], the Shanghai Horizon Construction Development Investors will, through Farsighted Wit Limited, hold [REDACTED]% of the total issued share capital of our Company (assuming the [REDACTED] is not exercised).

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1.2 Investment in our Company in 2020

On December 19, 2020, Lanjin Limited entered into a subscription agreement with our Company and Far East Horizon, pursuant to which Lanjin Limited agreed to subscribe for 607 Shares at a total consideration of US\$9,153,835.71. Such consideration was determined after arm' length negotiations on normal commercial terms with reference to the net asset value of Shanghai Horizon Construction Development as at December 31, 2019 of RMB2,264,000,000 and the capital injections of RMB1,736,000,000 in March 2020.

Details of the investment are set out below:

Investor	Lanjin Limited
Date of agreement	December 19, 2020
Consideration	US\$9,153,835.71
Date of settlement of consideration	December 19, 2020
Number of Shares subscribed for	607 Shares
Cost per Share¹ and discount to the [REDACTED]²	US\$[REDACTED] (approximately HK\$[REDACTED]) per Share, representing a discount of [REDACTED]% to the [REDACTED].
Use of proceeds	All proceeds had been used for procurement of equipment, replenishment of working capital and repayment of loans as at the Latest Practicable Date.
Strategic benefits to our Company	Mr. He Ziming is a seasoned industry participant with more than 15 years of experience and high reputation in the operating leasing industry. Our Directors believe that we have benefited from Mr. He Ziming's relevant management experience, industry knowledge, market insights and professional advice in such industry. Going forward, we also believe we may be able to leverage his extensive experience in the engineering industry as founder of Lanjin Stone and coupled with his personal network in exploring business cooperation opportunities with real estate developers and engineering construction companies.

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Shareholding in our Company 1.21%
upon completion of the
[REDACTED] Investment

Shareholding in our Company [REDACTED]%
upon [REDACTED]
(assuming the
[REDACTED] is not
exercised)

Notes:

1. The approximate cost per Share is calculated based on the amount of consideration paid by the [REDACTED] Investor divided by the number of Shares to be held by it upon [REDACTED] (assuming the [REDACTED] is not exercised).
2. The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED].

1.3 Investments in our Company in 2021

On April 16, 2021, each of (i) Xuzhou XCMG Huijin M&A Industry Fund (L.P.), (ii) Zoomlion International Trading (H.K.) Co., Limited, (iii) GSPR Holdings Limited, (iv) Zhejiang Dingli Machinery Co., Ltd., (v) LGMG International Limited, (vi) Terex International Holdings 2 Limited and (vii) Thrive Accomplish Limited entered into a share purchase agreement with our Company and certain of our subsidiaries, respectively, pursuant to which these aforementioned [REDACTED] Investors agreed to subscribe for an aggregate of 6,651 Shares at a total consideration of US\$204,910,326.45. Such consideration was determined after arm's length negotiations with the aforementioned [REDACTED] Investors on normal commercial terms having taken into account various factors, including (i) the financial performance of our Group up to December 31, 2020, i.e. we recorded net asset value of RMB5,301.7 million as at December 31, 2020; and our revenue and net profit amounted to RMB3,663.6 million and RMB493.4 million for the year ended December 31, 2020, respectively; (ii) the growth prospects of our Group, which is supported by the significant increase in equipment volume of steel support system, ringlock scaffold and aerial work platform, and the expansion of service outlets and coverage cities; (iii) the investment risks assumed by these [REDACTED] Investors of investing in a company which was yet to be listed, including but not limited to, the lack of liquidity and open market for trading in our Shares and no guarantee in receiving dividend during the period from the completion of the [REDACTED] Investment to the completion of the [REDACTED]; (iv) the potential contributions and strategic benefits expected to be brought about by these [REDACTED] Investors to our Company as detailed in the table below; and (v) the six-months lock-up undertaking given by these [REDACTED] Investors commencing from and inclusive of the [REDACTED].

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Details of the investments are set out below:

Investors	Xuzhou XCMG Huijin M&A Industry Fund (L.P.)	Zoomlion International Trading (H.K.) Co., Limited	GSPR Holdings Limited	Zhejiang Dingli Machinery Co., Ltd.	LGMG International Limited	Terex International Holdings 2 Limited	Thrive Accomplish Limited
Date of agreement		April 16, 2021					
Consideration	US\$94,983,992.85	US\$29,977,108.35	US\$19,995,008.55	US\$19,995,008.55	US\$19,995,008.55	US\$9,982,099.80	US\$9,982,099.80
Date of settlement of consideration	April 29, 2021	April 26, 2021	May 10, 2021	April 29, 2021	April 29, 2021	May 3, 2021	April 28, 2021
Number of Shares subscribed for	3,083	973	649	649	649	324	324
Cost per Share ¹ and discount to the [REDACTED] ²	US\$[REDACTED]	(approximately HK\$[REDACTED]) per Share, representing a premium of [REDACTED]% to the [REDACTED].					
Use of proceeds							
Strategic benefits to our Company							
Shareholding in our Company upon completion of the [REDACTED] Investments	5.44%	1.72%	1.15%	1.15%	1.15%	0.57%	0.57%
Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

- The approximate cost per Share is calculated based on the amount of consideration paid by each [REDACTED] Investor divided by the number of Shares to be held by it upon [REDACTED] (assuming the [REDACTED] is not exercised).
- The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED].

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Taking into account that the [REDACTED] Investments were completed before the [REDACTED] and the market capitalization of our Company were determined for the purpose of [REDACTED] and such investments were considered long term investments, as well as the risks and restrictions borne by the [REDACTED] Investors, the expected market capitalization of our Group upon [REDACTED] was not factored into the determination of the considerations for the [REDACTED] Investments. Therefore, there is a difference between the valuation of our Group at the time of the [REDACTED] Investments and that upon completion of the [REDACTED], which resulted in the respective discount of [REDACTED]%, discount of [REDACTED]% and premium of [REDACTED]% to the mid-point of the [REDACTED]. Such discounts reflect the differences in position between the [REDACTED] Investors and the investors of the [REDACTED].

2. Special Rights

Certain [REDACTED] Investors had been granted the following special rights relating to our Company, none of which shall survive the [REDACTED]:

- (1) Director nomination right: Xuzhou XCMG Huijin M&A Industry Fund (L.P.) has the right to nominate one Director so long as its investment amount in our Company exceeds US\$94,900,000. Mr. Yang Dongsheng (楊東升先生, "Mr. Yang"), who was nominated by Xuzhou XCMG Huijin M&A Industry Fund (L.P.) and appointed as our non-executive Director and a member of the Audit Committee on May 28, 2021, has resigned as our non-executive Director and a member of the Audit Committee on August 4, 2022 due to other work arrangement. Each of our Company and Mr. Yang confirmed that there was no disagreement between Mr. Yang, on one hand, and our Company, our Board and the management, on the other hand, and there were no matters in relation to Mr. Yang's resignation that needed to be brought to the attention of the Stock Exchange or our Shareholders. As of the Latest Practicable Date, Xuzhou XCMG Huijin M&A Industry Fund (L.P.) has nominated and our Company has appointed Mr. Li Qianjin as our non-executive Director; and
- (2) Redemption right: If the [REDACTED] of our Shares on the Stock Exchange or another recognized international securities exchange does not take place within 36 months after closing, each of (i) Xuzhou XCMG Huijin M&A Industry Fund (L.P.), (ii) Zoomlion International Trading (H.K.) Co., Limited, (iii) GSPR Holdings Limited, (iv) Zhejiang Dingli Machinery Co., Ltd., (v) LGMG International Limited, (vi) Terex International Holdings 2 Limited and (vii) Thrive Accomplish Limited has the right to require our Company to redeem all or part of the then outstanding Shares held by it at a specified redemption price.

3. Lock-up Period and Public Float

Subject to the terms of their [REDACTED] Investments, each of (i) Xuzhou XCMG Huijin M&A Industry Fund (L.P.), (ii) Zoomlion International Trading (H.K.) Co., Limited, (iii) GSPR Holdings Limited, (iv) Zhejiang Dingli Machinery Co., Ltd., (v) LGMG International Limited, (vi) Terex International Holdings 2 Limited and (vii) Thrive Accomplish Limited shall not dispose of any Shares held by them at any time during the period of six months commencing from and inclusive of the [REDACTED].

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notwithstanding that it is not required by the Listing Rules, Lanjin Limited voluntarily entered into a contractual lock-up undertaking not to dispose of any Shares held by it at any time during the period of six months commencing from and inclusive the [REDACTED]. It is expected that approximately [REDACTED]% of the issued share capital of our Company will not be subject to any lock-up arrangement upon [REDACTED], assuming the [REDACTED] is not exercised.

Apart from the Shares held by Farsighted Wit Limited and Lanjin Limited, the Shares held by other [REDACTED] Investors will be counted towards the public float of our Company upon completion of the [REDACTED]. It is expected that our Company will have a public float of approximately [REDACTED]% of the Shares upon [REDACTED] (assuming the [REDACTED] is not exercised) which complies with the public float requirement under Rule 8.08 of the Listing Rules.

4. Information about the [REDACTED] Investors

Mr. He Ziming is a non-executive Director of our Company.

Mr. He Qingchang is the son of Mr. He Ziming.

Lanjin Stone is a company established in the PRC with limited liability and is principally engaged in production and sales of stone. Lanjin Stone is wholly owned by Mr. He Ziming, a non-executive Director of our Company.

Tianjin Lianhong is a limited partnership established in the PRC and is principally engaged in enterprise management and consulting services. The general partner of Tianjin Lianhong is Tianjin Jianlian Enterprise Management Co., Ltd* (天津建聯企業管理有限公司) (“**Tianjin Jianlian**”), which is owned as to 40%, 30% and 30% by Mr. Pan Yang (an executive Director of our Company), Mr. Tang Li (an executive Director of our Company) and Mr. Yu Guang (the chief operational officer of our Company), respectively, and owns 0.03% partnership interest in Tianjin Lianhong. The limited partners of Tianjin Lianhong consist of (i) Mr. Pan Yang, who owns approximately 21.47% partnership interest in Tianjin Lianhong as limited partner, and (ii) the other 34 employees of Shanghai Horizon Construction Development, each holding less than 10% partnership interest in Tianjin Lianhong as limited partner.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Tianjin Lianzhi is a limited partnership established in the PRC and is principally engaged in enterprise management and consulting services. The general partner of Tianjin Lianzhi is Tianjin Jianlian, which owns 0.03% partnership interest in Tianjin Lianzhi. The limited partners of Tianjin Lianzhi consist of (i) Mr. Pan Yang, who owns 15.09% partnership interest in Tianjin Lianzhi as limited partner, (ii) Mr. Tang Li, who owns 9.06% partnership interest in Tianjin Lianzhi as limited partner, (iii) Mr. He Qingchang, who owns 11.47% partnership interest in Tianjin Lianzhi as limited partner, (iv) Mr. Dong Sijun (an employee of Shanghai Horizon Construction Development), who owns 11.47% partnership interest in Tianjin Lianzhi as limited partner, and (v) the other 31 employees of Shanghai Horizon Construction Development, each holding less than 10% partnership interest in Tianjin Lianzhi as limited partner.

Tianjin Liancheng is a limited partnership established in the PRC and is principally engaged in enterprise management and consulting services. The general partner of Tianjin Liancheng is Tianjin Jianlian, which owns 0.03% partnership interest in Tianjin Liancheng. The limited partners of Tianjin Liancheng consist of (i) Mr. Pan Yang, who owns 15.09% partnership interest in Tianjin Liancheng as limited partner, (ii) Mr. Yu Guang, who owns 15.09% partnership interest in Tianjin Liancheng as limited partner, (iii) Mr. Quan Jianghui (an employee of Shanghai Horizon Construction Development), who owns 11.47% partnership interest in Tianjin Liancheng as limited partner, and (iv) the other 40 employees of Shanghai Horizon Construction Development, each holding less than 10% partnership interest in Tianjin Liancheng as limited partner.

Lanjin Limited is an investment holding company established in the BVI and is wholly owned by Ms. Liu Lifang, the spouse of Mr. He Ziming.

Xuzhou XCMG Huijin M&A Industry Fund (L.P.) is a limited partnership established in the PRC and is principally engaged in equity investment, investment management and asset management. The general partner of Xuzhou XCMG Huijin M&A Industry Fund (L.P.) is Xuzhou XCMG Rongchuang Enterprise Management Co., Ltd.. With respect to the limited partner interest, Xuzhou XCMG Huijin M&A Industry Fund (L.P.) is owned as to approximately 50.95% by XCMG Construction Machinery Co., Ltd., the A shares of which are listed on the Shenzhen Stock Exchange under stock code 000425, and approximately 46.95% by Shanghai Chixin Investment Co., Ltd. (a company ultimately controlled by Mr. Xie Zhikun). Our Company became acquainted with XCMG Construction Machinery Co., Ltd. through the business network of our Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Zoomlion International Trading (H.K.) Co., Limited is a company established in Hong Kong with limited liability and is principally engaged in international trade. It is an indirect wholly-owned subsidiary of Zoomlion Heavy Industry Science and Technology Co., Ltd., the H shares of which are listed on the Hong Kong Stock Exchange under stock code 1157 and the A shares of which are listed on the Shenzhen Stock Exchange under stock code 000157, which is principally engaged in the research, development, manufacturing, sales and services of engineering machineries and agricultural machineries. Our Company became acquainted with Zoomlion Heavy Industry Science and Technology Co., Ltd. through the business network of our Group.

GSPR Holdings Limited is a company established in Cayman Islands with limited liability and is principally engaged in investment management. It is a wholly-owned subsidiary of Hillhouse Capital V, Ltd. Each of the shareholders holds less than 10% equity interests in Hillhouse Capital V, Ltd. Our Company became acquainted with Hillhouse Capital V, Ltd. through introduction by our Controlling Shareholder, Far East Horizon.

Zhejiang Dingli Machinery Co., Ltd. is a company established in the PRC with limited liability and is principally engaged in the research and development, manufacturing, sales and services of various intelligent aerial work platforms, the A shares of which are listed on the Shanghai Stock Exchange under stock code 603338. Zhejiang Dingli Machinery Co., Ltd. was among our top five suppliers during the Track Record Period and primarily supplied aerial work platforms to us.

LGMG International Limited is a company established in Hong Kong with limited liability and is principally engaged in investment management. It is an indirect wholly-owned subsidiary of Linyi Lingong Machinery Group Co., Ltd., which is owned as to approximately 65.98% by Mr. Wang Zhizhong. Save for the above, each of the other shareholders holds less than 10% equity interests in Linyi Lingong Machinery Group Co., Ltd. Linyi Lingong Machinery Group Co., Ltd. was among our top five suppliers since 2020 and primarily supplied aerial work platforms to us.

Terex International Holdings 2 Limited is a company established in the United Kingdom and is principally engaged in investment management. It is an indirect wholly-owned subsidiary of Terex Corporation, the shares of which are listed on the New York Stock Exchange under stock code TEX, which is a global manufacturer of lifting and material processing products and services. Terex Corporation was among our top five suppliers during the Track Record Period and primarily supplied aerial work platforms to us.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Thrive Accomplish Limited is a company established in BVI with limited liability and is principally engaged in investment management. It is an indirect wholly-owned subsidiary of China Merchants Bank Co., Ltd., the H shares of which are listed on the Hong Kong Stock Exchange under stock code 3968 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 600036. Our Company became acquainted with China Merchants Bank Co., Ltd. through introduction by our Controlling Shareholder, Far East Horizon.

Each of Mr. He Ziming, Mr. He Qingchang, Lanjin Stone, Tianjin Lianhong, Tianjin Lianzhi, Tianjin Liancheng and Lanjin Limited is our connected person upon [REDACTED]. To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, all other [REDACTED] Investors are Independent Third Parties.

5. Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors have confirmed that the [REDACTED] Investments are in compliance with the Interim Guidance Letter HKEx-GL29-12 issued by the Hong Kong Stock Exchange in January 2012 and updated in March 2017, the Guidance Letter HKEx-GL43-12 issued by the Hong Kong Stock Exchange in October 2012 and updated in July 2013 and March 2017, and the Guidance Letter HKEx-GL44-12 issued by the Hong Kong Stock Exchange in October 2012 and updated in March 2017.

INCREASE IN AUTHORIZED SHARE CAPITAL

On March 11, 2021, our Company increased its authorized share capital to US\$100,000.00 by the creation of 50,000 additional Shares.

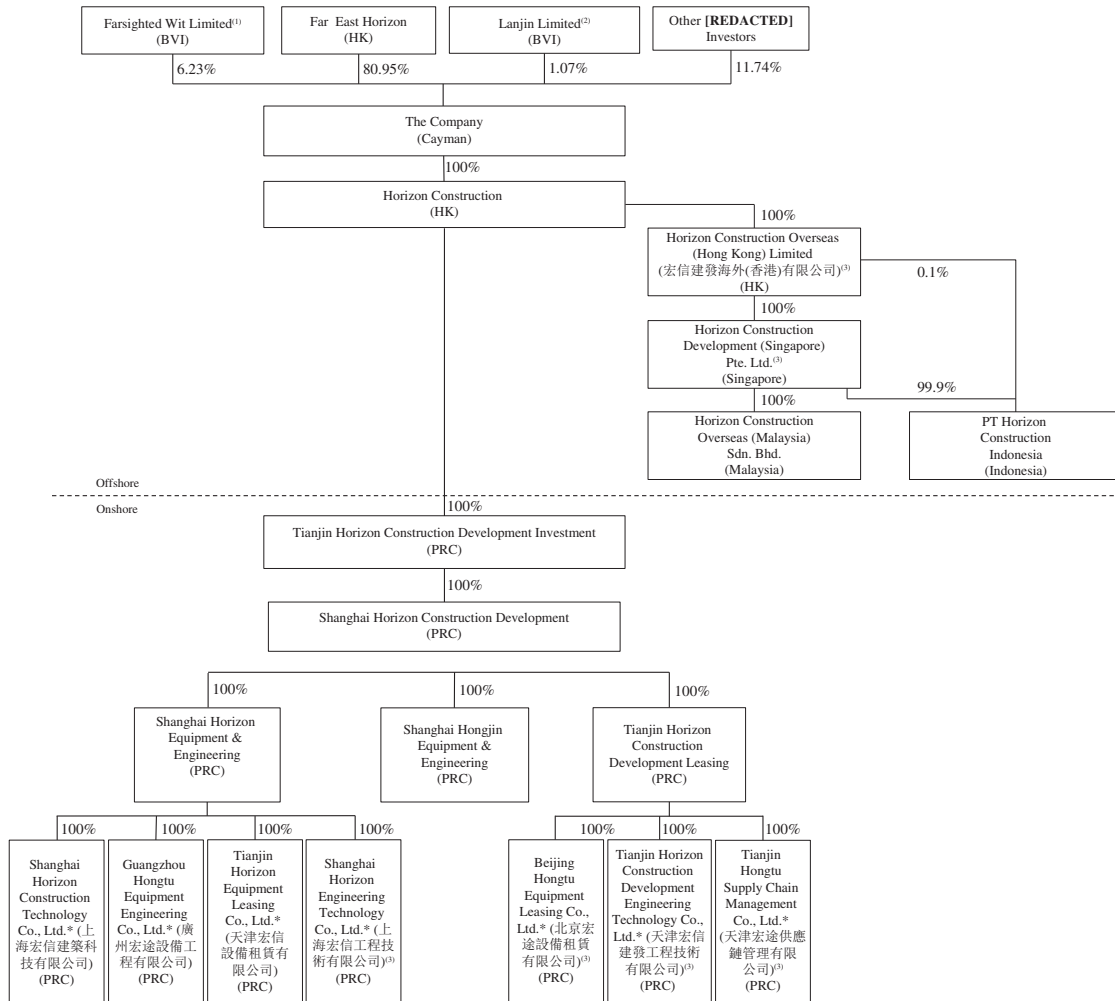
SHARE SUBDIVISION

Pursuant to the written resolution of our Shareholders passed on November 12, 2021, each of our issued and unissued shares of US\$1.00 each was subdivided into 50,000 Shares of US\$0.00002 each.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

SHAREHOLDING AND CORPORATE STRUCTURE

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



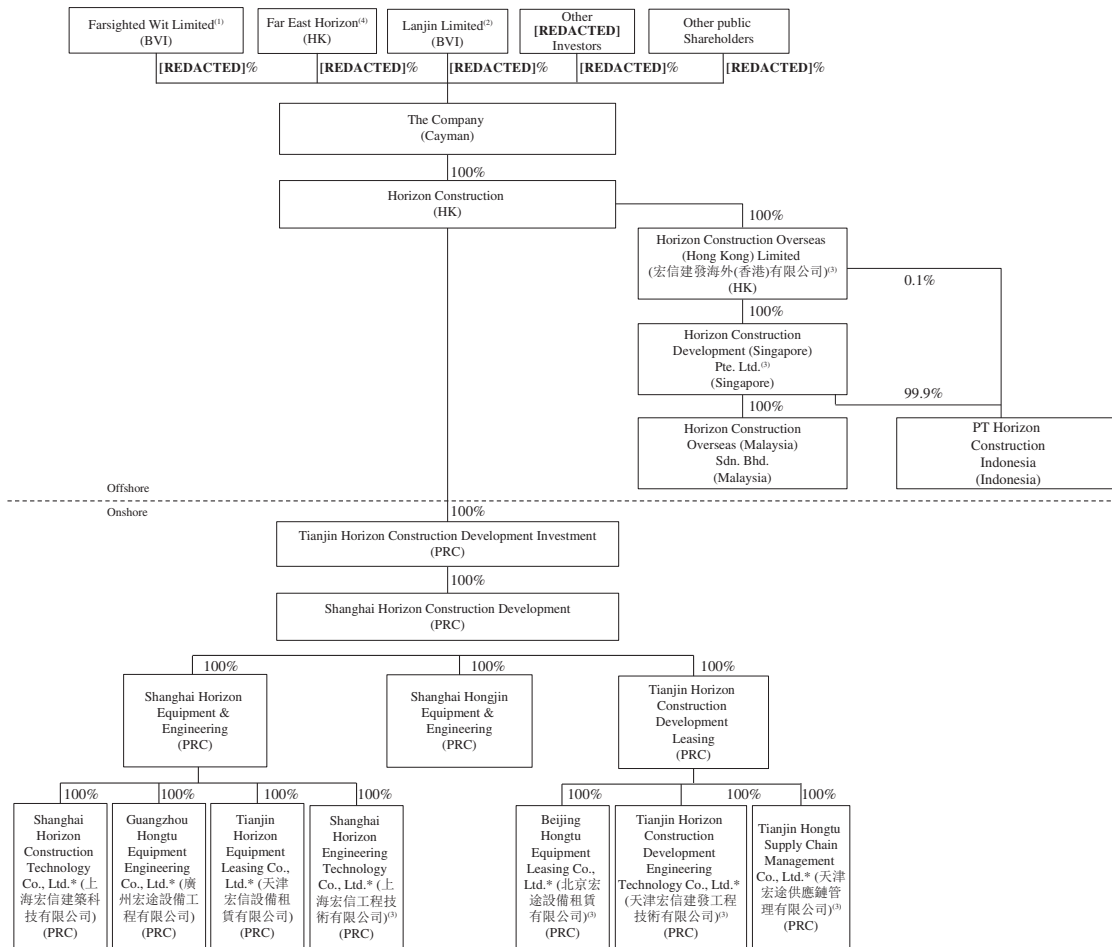
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) Farsighted Wit Limited was incorporated in BVI as an exempted company with limited liability on August 14, 2020, which is wholly owned by Tianjin Hongjian Enterprise Management Consulting Center (Limited Partnership)* (天津宏建企業管理諮詢中心(有限合夥)) (“**Tianjin Hongjian**”). Tianjin Hongjian is controlled by Tianjin Hongsheng Leasing Co., Ltd.* (天津宏聖租賃有限公司) (“**Tianjin Hongsheng**”), a wholly-owned subsidiary of Far East Horizon, as general partner, and owned as to 68.72%, 7.87%, 9.37%, 9.37% and 4.66% by Tianjin Lanjin Enterprise Management Consulting Center (Limited Partnership)* (天津藍金企業管理諮詢中心(有限合夥)) (“**Tianjin Lanjin**”), Tianjin Lianhong, Tianjin Lianzhi, Tianjin Liancheng and Tianjin Hongsheng, respectively. Among them, (i) Tianjin Lanjin is controlled by Tianjin Hongsheng as general partner, and owned as to approximately 58.79%, 20.58%, 20.58% and 0.04% by Mr. He Ziming, Mr. He Qingchang, Lanjin Stone and Tianjin Hongsheng, respectively; (ii) Lanjin Stone is 100% owned by Mr. He Ziming; (iii) Mr. He Qingchang is the son of Mr. He Ziming; and (iv) Mr. He Ziming is a non-executive Director of our Company.
- (2) Lanjin Limited was incorporated in BVI as an exempted company with limited liability, which is 100% owned by Ms. Liu Lifang, the spouse of Mr. He Ziming.
- (3) Shanghai Horizon Engineering Technology Co., Ltd.* (上海宏信工程技術有限公司), Beijing Hongtu Equipment Leasing Co., Ltd.* (北京宏途設備租賃有限公司), Tianjin Horizon Construction Development Engineering Technology Co., Ltd.* (天津宏信建發工程技術有限公司), Tianjin Hongtu Supply Chain Management Co., Ltd.* (天津宏途供應鏈管理有限公司), Horizon Construction Overseas (Hong Kong) Limited (宏信建發海外(香港)有限公司), Horizon Construction Development (Singapore) Pte. Ltd., Horizon Construction Overseas (Malaysia) Sdn. Bhd. and PT Horizon Construction Indonesia were incorporated since the Reorganization; Hebei Hongjin Mould Base Technology Co., Ltd.* (河北宏金模架科技有限公司), which was incorporated since the Reorganization, was deregistered on December 30, 2022 due to our business development strategy adjustment.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart shows the shareholding and corporate structure of our Group upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

- (1) Farsighted Wit Limited was incorporated as an exempted company with limited liability in BVI on August 14, 2020, which is wholly owned by Tianjin Hongjian. Tianjin Hongjian is controlled by Tianjin Hongsheng, a wholly-owned subsidiary of Far East Horizon, as general partner, and owned as to 68.72%, 7.87%, 9.37%, 9.37% and 4.66% by Tianjin Lanjin, Tianjin Lianhong, Tianjin Lianzhi, Tianjin Liancheng and Tianjin Hongsheng, respectively. Among them, (i) Tianjin Lanjin is controlled by Tianjin Hongsheng as general partner, and owned as to approximately 58.79%, 20.58%, 20.58% and 0.04% by Mr. He Ziming, Mr. He Qingchang, Tianjin Lanjin Stone and Tianjin Hongsheng, respectively; (ii) Lanjin Stone is 100% owned Mr. He Ziming; (iii) Mr. He Qingchang is the son of Mr. He Ziming; and (iv) Mr. He Ziming is a non-executive Director of our Company. Far East Horizon and Farsighted Wit Limited (being controlled by Tianjin Hongsheng, a wholly-owned subsidiary of Far East Horizon) will constitute a group of our Controlling Shareholders entitled to exercise voting rights of [REDACTED]% of the total issued share capital of our Company upon [REDACTED], assuming the [REDACTED] is not exercised.
- (2) Lanjin Limited was incorporated in BVI as an exempted company with limited liability, which is 100% owned by Ms. Liu Lifang, the spouse of Mr. He Ziming.
- (3) Shanghai Horizon Engineering Technology Co., Ltd.* (上海宏信工程技術有限公司), Beijing Hongtu Equipment Leasing Co., Ltd.* (北京宏途設備租賃有限公司), Tianjin Horizon Construction Development Engineering Technology Co., Ltd.* (天津宏信建發工程技術有限公司), Tianjin Hongtu Supply Chain Management Co., Ltd.* (天津宏途供應鏈管理有限公司), Horizon Construction Overseas (Hong Kong) Limited (宏信建發海外(香港)有限公司), Horizon Construction Development (Singapore) Pte. Ltd., Horizon

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Construction Overseas (Malaysia) Sdn. Bhd. and PT Horizon Construction Indonesia were incorporated since the Reorganization; Hebei Hongjin Mould Base Technology Co., Ltd.* (河北宏金模架科技有限公司), which was incorporated since the Reorganization, was deregistered on December 30, 2022 due to our business development strategy adjustment.

- (4) Sinochem Group Co., Ltd.* (中國中化集團有限公司), which is wholly owned by the SASAC, is the single largest shareholder of Far East Horizon as at the Latest Practicable Date.

THE [REDACTED]

Our [REDACTED] constitutes a [REDACTED] of our Company from Far East Horizon under Practice Note 15 of the Listing Rules. Far East Horizon has submitted a proposal for the [REDACTED] to the Hong Kong Stock Exchange pursuant to Practice Note 15 to the Listing Rules and the Stock Exchange has confirmed that Far East Horizon may proceed with the [REDACTED]. Far East Horizon and our Company will comply with the requirements under Practice Note 15 to the Listing Rules and the applicable requirements of the Listing Rules regarding the [REDACTED] as and when necessary.

The board of directors of Far East Horizon believes that the [REDACTED] is beneficial to both Far East Horizon and our Company for the following reasons, among others:

- (1) The [REDACTED] will allow Far East Horizon to focus on its other core businesses, enable our Company to allocate financial resources more effectively and improve capital utilization efficiency;
- (2) The [REDACTED] is in line with Far East Horizon's strategy of "finance + industry", which reflects its capacity of industrial control and operational incubation, and will booster investors' confidence in the performance of Far East Horizon and our Company;
- (3) The [REDACTED] will allow the management of each of Far East Horizon and our Company to focus more effectively on its businesses and improve its ability to recruit, motivate and retain key management personnel;
- (4) While our Company will be able to further build on its reputation and be in a better position to negotiate and solicit more business, Far East Horizon will retain a holding of over 50% of the issued share capital of our Company and will continue to enjoy the greater shareholder value from the business prospects and results of our Company;
- (5) Our profile in the international capital market will be enhanced by establishing our presence as an internationalized operation platform upon completion of the [REDACTED], and providing access to international capital markets;

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (6) The proceeds to be raised from the [REDACTED] will provide capital support for the operation of the our Company, in particular, expansion of service outlet network and product line, investment in digitalization transformation, retaining and attracting talents and other development plan which are of strategic importance; and
- (7) The value of our Company is expected to be enhanced through the [REDACTED] given that:
 - (a) our profile amongst customers, suppliers and other business partners and brand recognition will be enhanced, which is beneficial for our expansion to other domestic markets or overseas markets;
 - (b) we will be able to have direct and independent access to both equity and debt capital markets, which will contribute to broader financing channels and reduction on financing cost; the [REDACTED] will provide clarity on the credit profile of our Company for rating agencies and financial institutions, which may help us secure efficient and cost effective financing for our sustainable development;
 - (c) the [REDACTED] will lead to a more direct alignment of our management's responsibilities and accountability and employees' interests and benefits with the Company's operating and financial performance, optimized corporate governance structure, management efficiency as well as enhanced corporate management as a result of heightened scrutiny of the investor community. This is anticipated to enhance management focus, which should in turn lead to improved decision-making processes, faster response-time to market changes and increased operational efficiency; and
 - (d) after the [REDACTED], it will be relatively easier to measure the management's performance against the stock market performance of our Company. It will also be possible to link management incentives to performance, thereby increasing management motivation and commitment.

SAFE REGISTRATION

Pursuant to Circular 37, promulgated by SAFE on July 4, 2014 with immediate effect which replaced the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), (a) a PRC resident must register with the local SAFE counterpart 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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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 counterpart 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 SAFE Notice No. 13, promulgated by SAFE on February 13, 2015, which became effective on June 1, 2015 and was subsequently amended on December 30, 2019, the power of foreign exchange registration was delegated from the local SAFE counterpart to qualified local banks where the domestic entity was incorporated.

As advised by our PRC Legal Advisers, Ms. Liu Lifang has completed the registration under the SAFE Circular No. 37 on October 30, 2020 in respect of her investment in the Company through Lanjin Limited.