

## HISTORY AND GROUP STRUCTURE

### HISTORY AND DEVELOPMENT OF OUR GROUP

#### Business History

Our Group was found in 2007 when Mr. YP Chan utilised his personal resources and the internal resources of Wing Fung, an investment holding company incorporated in Hong Kong in November 2005, to establish Kyoei Seiki in September 2007. Prior to the establishment of Kyoei Seiki, Mr. YP Chan had spent three years in Japan, including completing the advanced Japanese language course at the Japanese Language Institute of Sapporo and working as a sales and marketing executive in a company specialised in the distribution and export of confectionery and related products. During his time in Japan, Mr. YP Chan developed his network with the Japanese business community which gave him the first insight of the machineries manufacturing business. Mr. YP Chan was highly impressed by the Japanese culture in their pursuit of excellence in technology and manufacturing.

After Mr. YP Chan returned from Japan, starting from 2006, he worked in South Wing Machinery Company Limited, a company engaged in the trading of new and used construction machineries, where he gained experience in the sale and supply of heavy duty equipment. In light of the increasing need for infrastructure as well as housing, Mr. YP Chan realised there would be an increasing need for heavy duty machineries, which inevitably requires the increased use of slewing rings and machinery parts. As Japan was renowned for producing top-quality machineries, Mr. YP Chan, through his acquaintance with the renowned manufacturers for components for heavy duty machineries, seized the opportunity to establish Kyoei Seiki and to commence our Group’s business.

To ensure that our products would conform to the applicable JIS, we engaged a Japanese consultant from 2009 to 2011 to modify and provide guidance on the production process in order to strengthen our quality assurance process. During this period, he provided training to our employees, identified and advised on areas for improvement in our process. With his guidance, we have become one of the few recognised manufacturers which can sell slewing rings to Japan adopting applicable JIS.

As our business continued to grow, we have expanded our customer base. Impressed by our products, a subsidiary of a then listed company on the Singapore Exchange, which was principally engaged in the trading of heavy machinery and diesel engine parts, and a Japanese leading machinery and parts supply company became our customer in 2010 and 2012 respectively. They have sustained business relationship with us ever since. From 2011 to 2015, three Japanese equipment manufacturers also became our regular OEM customers.

We received a number of certifications and accreditations over the past 10 years which reflected the high standard of the slewing rings and heavy construction machinery parts we produced. Our Group was first accredited with GB/T 19001–2008/ISO 9001:2008 and GB/T 19001–2000 idt ISO 9001:2000 by Beijing Xingguo Global Certification Co., Ltd. (北京興國環球認證有限公司) in January 2009 for production and service of slewing rings, ISO 9001:2008 and ISO 9001:2015 by SGS United Kingdom Ltd in December 2014, December 2017 and December 2020 for manufacturing slewing rings. Since 2012, we have been consistently re-accredited with the Certificate for Measurement Assurance System (Level 3) (計量保證體系確認合格證書) by the Bureau of Quality Supervision of Dongguan City (東莞市質量技術監督局). In 2017, we also obtained Certificate of High and New Technology Enterprise (高新技術企業證書) by Guangdong Provincial Science and Technology Department (廣東省科學技術廳), Guangdong Provincial Finance Bureau (廣東省財政廳), Guangdong Provincial Office of State Administration of Taxation (廣東省國家稅務局) and Guangdong Provincial Local Taxation Bureau (廣

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東省地方稅務局) and renewed in 2020. In 2019, we received the Price Performance Award from Sumitomo Construction Machinery Co., Ltd. (“**Sumitomo Construction Machinery**”). As at the Latest Practicable Date, our Group is one of the few manufacturers that can sell slewing rings to Japan in accordance with JIS. Furthermore, we have also been accredited with certifications from our OEM customer from Japan, pursuant to which we have built our brand name and image. For further particulars on business strategies of our Group, please refer to the sections headed “Business — Business strategies, Implementation and Use of Proceeds” of this document.

### Key milestones of our Group

The following table sets out the key developments and milestones of our Group since our establishment.

Year	Milestone
2007	<p>Kyoei Seiki was incorporated on 5 September 2007.</p> <p>Wing Fung injected HK\$8 million capital into Kyoei Seiki, which led to Kyoei Seiki commencing business in October.</p>
2009	<p>Our factory has been assessed and certified to meet the requirements of GB/T 19001–2008/ISO 9001:2008 and GB/T 19001–2000 idt ISO 9001:2000 quality management system standard in January.</p> <p>We participated in the Beijing International Construction Machinery Exhibition and Seminar in November.</p>
2010	<p>We obtained the first OEM order from a Japanese customer in March.</p> <p>We expanded our warehouse in June.</p> <p>We started to sell slewing rings to North America in September.</p> <p>We participated in Bauma China, one of the world’s largest trade fair in the construction industry in Shanghai, China in November.</p> <p>We started to sell our products to a subsidiary of a then listed company on the Singapore Exchange, which was principally engaged in the trading of heavy machinery and diesel engine parts in November.</p>
2011	<p>Our factory was assessed and re-accredited with GB/T 9001:2008/ISO 9001:2008 by Beijing Xingguo Global Certification Co., Ltd in December.</p>

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<b>Year</b>	<b>Milestone</b>
2012	<p>We started to sell slewing rings to Australia in February.</p> <p>We were awarded with the Certificate for Measurement Assurance System (Level 3) (計量保證體系確認合格證書) by the Bureau of Quality Supervision of Dongguan City (東莞市質量技術監督局) in July.</p> <p>We began to receive orders from a leading machinery and parts supply company in Japan in July.</p>
2013	<p>We started to sell slewing rings to Italy in January.</p>
2014	<p>We received certification of quality of our heat treatment process from Sumitomo Construction Machinery Co., Ltd in February.</p> <p>We engaged in a research and development project with Nanjing Tech University in October.</p> <p>Kyoei Seiki was assessed and certified as meeting the requirements of ISO 9001:2008 quality management system standards by SGS United Kingdom Ltd in December.</p>
2016	<p>We started to sell slewing rings to New Zealand in April.</p>
2017	<p>We participated in the drafting of the national Industry Technical Standards (行業技術標準) in the PRC in April.</p> <p>We obtained Certificate of High and New Technology Enterprise (高新技術企業證書) from Guangdong Provincial Science and Technology Department (廣東省科學技術廳), Guangdong Provincial Finance Bureau (廣東省財政廳), Guangdong Provincial Office of State Administration of Taxation (廣東省國家稅務局) and Guangdong Provincial Local Taxation Bureau (廣東省地方稅務局) in November.</p> <p>Our factory has been assessed and certified as meeting the requirements of ISO 9001:2015 quality management system standards in December.</p>
2019	<p>We listed on GEM.</p>
2019	<p>We received the Price Performance Award from Sumitomo Construction Machinery.</p>
2020	<p>We commenced manufacturing of mechanical parts and components for machineries and expanded our business in sourcing of machineries.</p>
2021	<p>We started to sell slewing rings to a nominated supplier of a theme park and resort in Hong Kong.</p> <p>We sourced machineries to a nominated supplier for the use in the Hong Kong International Airport Three Runway System Project.</p>

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### CORPORATE HISTORY

As at the Latest Practicable Date, our Group comprised our Company, Kyohei Seiki Holdings, Best Linking Holdings, Wing Fung, Best Linking and Kyohei Seiki. The following is the brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

#### Our Company

Our Company was incorporated on 26 October 2018 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. Upon its incorporation, one nil-paid initial Share being the Subscriber Share was allotted and issued and subsequently transferred to C Centrum at par. As a result, our Company became a wholly-owned subsidiary of C Centrum.

On 21 December 2018, the entire issued shares of Wing Fung were transferred from Mr. YP Chan to Kyohei Seiki Holdings in consideration of our Company (i) allotting and issuing 49 Shares to C Centrum credited as fully paid; and (ii) crediting the Subscriber Share as fully paid in its share capital registered in the name of C Centrum.

On 21 December 2018, the entire issued share of Best Linking was transferred to Best Linking Holdings in consideration of our Company allotting and issuing 50 Shares from its share capital to C Centrum credited as fully paid.

On 21 October 2019, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank *pari passu* in all respects with the existing Shares. Pursuant to the GEM Share Offer, 100,000,000 Shares were issued at the offer price of HK\$0.55 each. For details of changes in the share capital of our Group, please refer to the section headed “Statutory and General Information — Further information about our Company and its Subsidiaries — 2. Changes in authorised and issued share capital of our Company” in Appendix IV to this document.

As at the Latest Practicable Date, our Company (i) had an authorised share capital of HK\$100,000 divided into 10,000,000,000 Shares, of which 400,000,000 Shares have been issued; and (ii) was owned as to [REDACTED] by C Centrum and [REDACTED] by public shareholders, respectively.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 11 January 2019.

#### Kyohei Seiki Holdings

On 14 September 2018, Kyohei Seiki Holdings was incorporated in the BVI with limited liability as an investment holding company. Kyohei Seiki Holdings was authorised to issue a maximum of 50,000 shares of a single class with par value of US\$1.00 each share. On 1 November 2018, our Company subscribed for, and Kyohei Seiki Holdings allotted and issued, one share to our Company at par, following which Kyohei Seiki Holdings became wholly-owned by our Company.

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### Best Linking Holdings

On 14 September 2018, Best Linking Holdings was incorporated in the BVI with limited liability as an investment holding company. Best Linking Holdings was authorised to issue a maximum of 50,000 shares of a single class with par value of US\$1.00 each share. On 1 November 2018, our Company subscribed for, and Best Linking Holdings allotted and issued, one share to our Company at par, following which Best Linking Holdings became wholly-owned by our Company.

A summary of the corporate history of the major operating subsidiaries of our Group is set out below:

### Best Linking

Best Linking was incorporated in Hong Kong on 15 September 2010 with limited liability and with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. It principally engages in the sale of slewing rings and other mechanical parts and components in Hong Kong and to overseas customers.

Upon incorporation, one share was allotted and issued as fully paid at par to the initial subscriber, an Independent Third Party. The one share was subsequently transferred to Mr. HT Chen, the elder brother of Mr. YP Chan and Mr. LP Chan, at par on 11 October 2010. In or about October 2012, Mr. YP Chan acquired Best Linking from Mr. HT Chen.

As at the Latest Practicable Date, Best Linking had issued one share which was wholly owned by Best Linking Holdings.

### Wing Fung

Wing Fung was incorporated in Hong Kong on 10 November 2005 with limited liability and with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. Wing Fung is an investment holding company of Kyoei Seiki.

As at the Latest Practicable Date, Wing Fung had issued 13,000,000 shares which was wholly owned by Kyoei Seiki.

### Kyoei Seiki

Kyoei Seiki was established in the PRC on 5 September 2007 as a limited liability company with a registered capital of HK\$8,000,000 paid up by Wing Fung separately on 17 October 2007 and 19 October 2007.

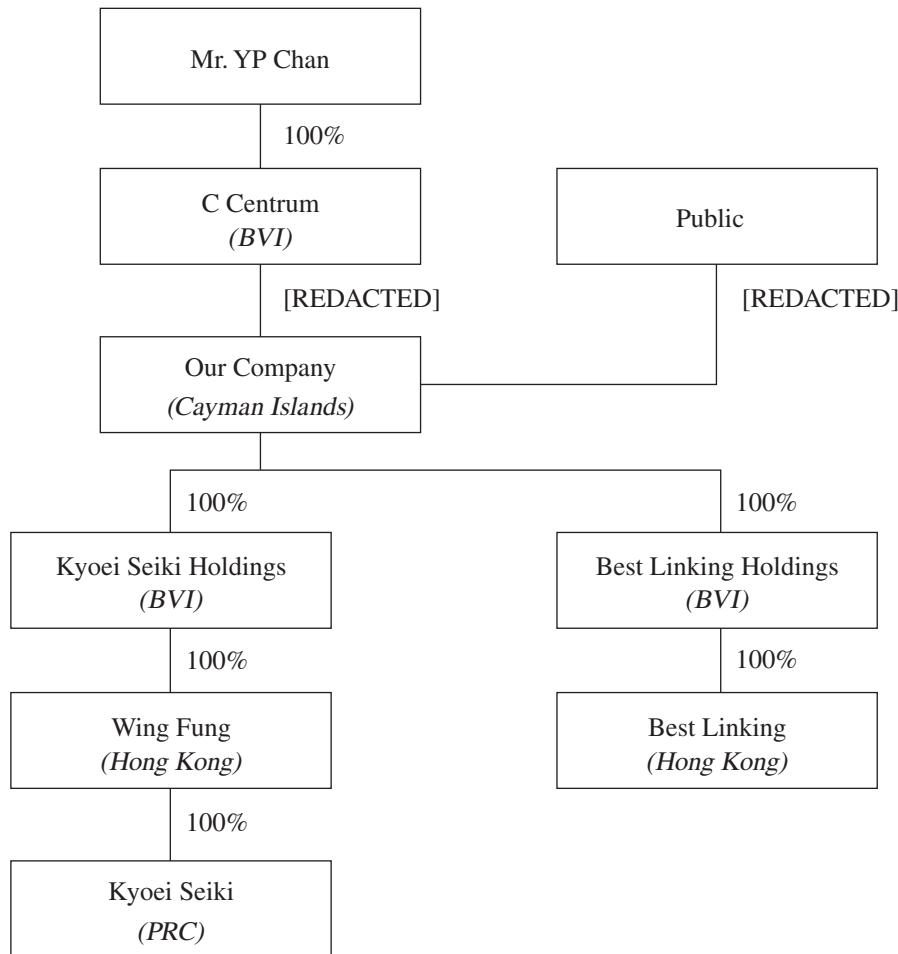
On 22 November 2010, the registered capital increased from HK\$8,000,000 to HK\$20,000,000 and was paid up by Wing Fung separately on 5 January 2011 and 2 March 2011.

Kyoei Seiki has been principally engaged in the manufacturing of slewing rings and mechanical parts and components in the PRC.

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There has not been and will be no change in the corporate structure of our Group from the GEM Listing to the [REDACTED]. The following diagram shows the shareholding and corporate structure of our Group as at the Latest Practicable Date and immediately after the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):



The shareholding of C Centrum, a Controlling Shareholder, has remained the same since the date of Listing on GEM. For the latest shareholding distribution of our Company, please refer to the paragraph headed “Share Capital — Shareholding distribution” in this document.

### [REDACTED] FROM GEM TO MAIN BOARD

[REDACTED]

An application was made by our Company to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the [REDACTED] Shares in issue and Shares which may be issued pursuant to the exercise of share options that may be but have not yet been granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted, on the Main Board by way of the [REDACTED].

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### Reasons for the [REDACTED]

Our Directors are of the view that the GEM Listing is of assistance to our Group to gain public recognition and profile. With the continuing development and business growth of our Group after the GEM Listing, appreciating the [REDACTED] on the Main Board is often perceived to enjoy a higher status by investors, the Directors consider that the [REDACTED], if approved, will be beneficial to the future growth, financing flexibility and business development of our Group. Our Directors are of the view that the [REDACTED] will, without limitation:

- further promote our corporate profile and recognition among public investors and increase the attractiveness of our Shares to the public investors and thus broaden our investor base and enhance the trading liquidity of our Shares;
- increase our bargaining power in negotiations with suppliers and other business associates, who will have more confidence in our Group's financial strength and credibility; and
- strengthen our position in the industry and enhance our competitive strengths in recruiting and retaining key management staff and experienced personnel.

Given the above, our Directors are of the view that the [REDACTED] will be beneficial to our Group's continued growth and will help create long-term value to our Shareholders as a whole.

### Pre-conditions for the [REDACTED]

The [REDACTED] is conditional upon, among others:

- (a) our Company's fulfilment of all the applicable requirements for [REDACTED] on the Main Board as stipulated in the Listing Rules;
- (b) the Listing Committee granting approval for the [REDACTED] of, and [REDACTED] on the Main Board (i) all Shares in issue; and (ii) new Shares which may fall to be issued pursuant to the exercise of share options that may be but have not yet been granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted; and
- (c) all other relevant approvals or consents required in connection with the implementation of the [REDACTED] having been obtained, and the fulfilment of all conditions which may be attached to such approvals or consents, if any.

As at the date of this document, we have not adopted any share option scheme other than the Share Option Scheme.

### Confirmations from our Company and our Controlling Shareholders in relation to the [REDACTED]

As at the date of this document, our Directors have no plan to change the nature of the business of our Group following the [REDACTED]. The [REDACTED] will not involve any issue of new Shares by our Company. As at the Latest Practicable Date, each of our Controlling Shareholders confirmed that he/it has no plan to dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of our Company in which he/it is disclosed in this document to be the beneficial owner. Our Company confirms that it has no plan to raise funds within six months from the date of the [REDACTED].