
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT OF OUR GROUP

Our history can be traced back to 2017 since the establishment of Zhongshen Jianye. Mr. Sang and Mr. Xian became acquainted with each other when they worked as colleagues in a construction company in 2016. Mr. Sang and Mr. Xian considered that given the State’s support since 2016, the recent years have been the prime for the development of Shenzhen as well as the entire Greater Bay Area while the construction sector possesses one of the most favorable development basis and vision under various State policies such as the Outline of the 13th Five-Year Plan* (“十三五”規劃綱要) issued by the National People’s Congress in 2016, Guiding Opinions on Deepening Pan-Pearl River Delta (PRD) Regional Cooperation* (國務院關於深化泛珠三角區域合作的指導意見) issued by the State Council in 2016 and the Five-Year Action Plan for Urban Infrastructure Construction in Shenzhen (2016–2020)* (深圳城市基礎設施建設五年行動計劃 (2016–2020年)) issued by the Development and Reform Commission of Shenzhen in May 2016, infrastructure connectivity in the Greater Bay Area would be improved, the development of the construction sector in Shenzhen would be advanced and the development of cooperation platforms amongst various provinces would further help developing the key projects in the region.

Further, Mr. Sang Tieda, the father of Mr. Sang, possesses extensive experience in the construction industry in the PRC and is well aware of the development potential of the construction industry in the PRC, especially the Guangdong Province through his participation in the subcontracting of construction projects in Shenzhen since the 2000s. Mr. Sang and Mr. Xian, having accumulated strong interest in construction engineering and sufficient experience in the PRC construction industry, established Zhongshen Jianye in the PRC as a limited liability company on 8 June 2017 to better capture the potential business opportunity in the growing construction market in Shenzhen and to seek better integration into the development trend of the Greater Bay Area.

The requisite industry know-how, experience and customer network for establishing and developing our Group’s business in the early stage were mainly contributed by Mr. Xian who has acquired the same from his education background and past work experience. After graduated from the Shantou Polytechnic (汕頭職業技術學院), Mr. Xian served as a budget appraiser in Heyuan City Construction Engineering Co., Ltd.* (河源市城市建設工程有限公司), a company established in 2009 and principally engaged in municipal and public works construction, from July 2009 to June 2010. He was involved in a project in contract value of approximately RMB1.5 million and was mainly responsible for conducting cost budgeting including performing estimates according to the construction drawing plans, compiling the construction cost control plan, calculating the construction cost and issuing a cost control summary upon completion. From October 2010 to March 2013, he served as a costs accounting specialist in Shenzhen Futian Jianan Construction Group Co., Ltd.* (深圳市福田建安建設集團有限公司), a company established in 1993 and principally engaged in municipal and public works construction. He was involved in projects in contract sum ranging from approximately RMB28.7 million to RMB483.9 million and was mainly responsible for conducting cost estimate and control, performing business liaison including liaising with the tenderers, carrying out on-site survey, preparing bidding documents and participating in business negotiations. From May 2013 to May 2017, he served as a deputy general manager in Shenzhen Jianan Real Estate Engineering Co., Ltd.* (深圳建安置業工程有限公司), a company

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established in 2013 principally engaged in real estate development and construction. He was involved in projects in contract sum ranging from approximately RMB7.8 million to RMB101.2 million and was mainly responsible for daily operation management including leading in the development of a supplier database, compiling project construction costs, determining the target costs and establishing incentive management system as well as leading in business negotiations based on set target values. He has also advanced his knowledge in the construction industry by completing a degree-level programme in Huazhong University of Science and Technology (華中科技大學) when he was working in Shenzhen Jianan Real Estate Engineering Co., Ltd*. and obtained a bachelor’s degree in civil engineering (online education) therefrom. He then completed a new practical real estate advanced strategy course* (新實戰型房地產高級戰略研修班) at Tsinghua Shenzhen Graduate School (清華大學深圳研究生院) in August 2018, further pursued his aspiration and professionalism in the industry. With his previous experience in construction projects located in Shenzhen, Huizhou, Dongguan and Heyuan with customers both from public and private sectors, he acquired hands-on and practical knowledge in relation to operations of the construction sector ranging from cost budgeting and control to business liaison and negotiations, empowering him to institute a new business independently in the sector. In the meantime, the source of funding for the Group’s business was mainly from Mr. Sang’s personal financial resources coupled with the financial support from his family. Mr. Sang’s parents had provided an aggregate amount of approximately RMB200.8 million, being mainly the proceeds from their investments in Shenzhen’s property market since the late 1990s, for providing funding to our Group. As Mr. Sang Tieda was already at a retirement age when Mr. Sang and Mr. Xian decided to establish Zhongshen Jianye in 2017, Mr. Sang’s parents offered the said fund for our Group’s business. For further details about Mr. Sang’s and Mr. Xian’s experience in the PRC construction industry, please refer to the biographies of Mr. Sang and Mr. Xian in the section headed “Directors and senior management” in this document.

The initial registered capital of Zhongshen Jianye was RMB100.0 million, in which 80% and 20% was contributed by Mr. Sang and Mr. Xian, respectively. Since the establishment of Zhongshen Jianye, Zhongshen Jianye has been primarily focusing its business on the provision of construction service in the PRC. Zhongshen Jianye has been granted five first-grade construction contracting qualifications, including (i) the first-grade qualification in building construction general contracting (建築工程施工總承包一級); (ii) the first-grade qualification in municipal and public construction general construction (市政公用工程施工總承包一級); (iii) the first-grade qualification in foundation construction specialised contracting (地基基礎工程專業承包一級); (iv) the first-grade qualification in building electrical and mechanical installation and engineering specialised contracting (建築機電安裝工程專業承包一級); and (v) the first-grade qualification in building renovation and decoration construction specialised contracting (建築裝修裝飾工程專業承包一級).

As at the Latest Practicable Date, Zhongshen Jianye held 100% equity interests in each of Zhongshen Technology, Zhongye Jiancai, Zhongshen Ecological, Zhongshen Zhuhai, Zhongshen Jianye (Huizhou), Zhongshen Jianye Construction Design (Shenzhen) and Zhongshen Jianye Project Management (Shenzhen), all established in the PRC. For further details, please refer to the paragraph headed “Our corporate history” in this section for our subsidiaries.

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BUSINESS MILESTONES

The following sets out our business development milestones:

Year	Milestone events
2017	<ul style="list-style-type: none">● Zhongshen Jianye, our principal operating subsidiary, was established in the PRC
2018	<ul style="list-style-type: none">● Zhongshen Jianye was first accredited with the Quality Management System Certificate (質量管理體系認證證書) for achieving the GB/T19001-2016/ISO9001:2015 & GB/T50430-2007 standard, the Occupational Health & Safety Management System Certificate (職業健康安全管理體系認證證書) for achieving the GB/T28001-2011/OHSAS18001:2007 standard, and the Environment Management System Certificate (環境管理體系認證證書) for achieving the GB/T24001-2016/ISO14001:2015 standard
2019	<ul style="list-style-type: none">● Zhongshen Jianye was recognised as an Enterprise Featured with Contract-abiding and Trustworthiness in Guangdong Province in 2019* (2019年度廣東省守合同重信用企業) by the Shenzhen Administration for Market Regulation (深圳市市場監督管理局) in 2020● Zhongshen Jianye was recognised as an “A” Credit Enterprise (Supreme and Class I of General Contracting for Housing Construction Group) in 2019* (2019年度房建一組(房建施工總承包特級、一級) A信用企業) by the Shenzhen Construction Industry Association (深圳建築業協會) in 2020
2020	<ul style="list-style-type: none">● Zhongshen Jianye was rated as an “AAA” Credit Enterprise (“AAA”信用企業) by the China Construction Industry Association (中國建築業協會)● Zhongshen Jianye was honoured as one of the 2020 Top 500 Enterprises in Shenzhen (2020深圳500強企業) by the Shenzhen Enterprise Confederation (深圳市企業聯合會) and the Shenzhen Entrepreneur Association (深圳市企業家協會)● Zhongshen Jianye’s construction project at Zhuhai (Yangjiang) Co-construction Park Jingang Avenue Municipal Supporting Project (Drainage Project)* (珠海(陽江)合作共建園區金港大道市政配套工程(排水工程)) was recognised as a Yangjiang City Housing and Municipal Engineering Safety Production Civilised Construction Demonstration Site in the first half year of 2020* (2020年度上半年陽江市房屋市政工程安全生產文明施工示範工地) by Yangjiang Construction Industry Association (陽江市建築業協會)

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<u>Year</u>	<u>Milestone events</u>
	<ul style="list-style-type: none">● Zhongshen Jianye’s construction site at Kaixuan Mansion (East Gate)* (凱旋府(東地塊)) was awarded the Shenzhen Construction Engineering Safety Production and Civilised Construction Excellent Site Award in the second half year of 2020* (2020年度下半年深圳市建設工程安全生產與文明施工優良工地獎) by Shenzhen Construction Industry Association (深圳建築業協會)● Zhongshen Jianye’s construction project at Pingshan District Center for Disease Control and Prevention Project* (坪山區疾病預防控制中心項目) was awarded the Shenzhen Construction Engineering Safety Production and Civilised Construction Excellent Site Award in the second half year of 2020* (2020年度下半年深圳市建設工程安全生產與文明施工優良工地獎) by Shenzhen Construction Industry Association (深圳建築業協會)● Zhongshen Jianye was recognised as a 2020 Shenzhen Business Anti-epidemic Pioneer Enterprise* (2020深商抗疫先鋒企業) by Federation of Shenzhen Commerce (深商總會), Shenzhen General Chamber of Commerce (深圳市商業聯合會), Shenzhen Time-Honored Brand Association (深圳市老字號協會) and Shenzhen Small and Medium-sized Enterprises Services Union (深圳市中小企業公共服務聯盟)● Zhongshen Jianye’s construction site #1 to #7 Buildings of Gongyi Country Garden Phase III* (鞏義碧桂園三期1#–7#樓) was awarded the Shenzhen Construction Engineering Safety Production and Civilised Construction Excellent Site Award in the second half year of 2020* (2020年度下半年深圳市建設工程安全生產與文明施工優良工地獎) by Shenzhen Construction Industry Association (深圳建築業協會)● Zhongshen Jianye’s construction site at Kaixuan Mansion (East Gate)* (凱旋府(東地塊)) was awarded the Shenzhen Quality Structural Engineering Award in the second half year of 2020* (2020年度下半年深圳市優質結構工程獎) by Shenzhen Construction Industry Association (深圳建築業協會)● Zhongshen Jianye’s construction site at Minquan Country Garden Phase III (民權縣碧桂園三期) was accredited as a Shangqiu Construction Engineering Safety Civilisation Standardisation Demonstration Site in the second half year of 2020* (2020年下半年度商丘市建築工程安全文明標準化示範工地) by Shangqiu Housing and Urban-Rural Development Bureau* (商丘市住房和城鄉建設局)

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<u>Year</u>	<u>Milestone events</u>
	<ul style="list-style-type: none">● Zhongshen Jianye was honoured as one of the 2020 Top 100 Enterprises in the Comprehensive Competitiveness Evaluation of Shenzhen Construction Industry* (2020年度深圳市建築行業綜合競爭力評估百強企業) by the Shenzhen Construction Industry Association (深圳建築業協會) in 2023
2021	<ul style="list-style-type: none">● Zhongshen Jianye’s construction site at Tower nos. 15 and 16, Minquan Country Garden Project Phase III* (民權碧桂園項目三期15#、16#樓) was awarded the Shangqiu Quality Structural Engineering Award* (商丘市優質結構工程獎) by Shangqiu Housing and Urban-Rural Development Bureau* (商丘市住房和城鄉建設局)● Zhongshen Jianye’s construction site at Minquan Country Garden Phase III (民權縣碧桂園三期) was accredited as a Henan Province Construction Engineering Quality Standardisation Demonstration Site in the first half year of 2021* (2021年度上半年河南省建築工程質量標準化示範工地) by Henan Provincial Department of Housing and Urban-Rural Development* (河南省住房和城鄉建設廳)● Zhongshen Jianye was honoured as one of the 2021 Top 500 Enterprises in Shenzhen (2021深圳500強企業) by the Shenzhen Enterprise Confederation (深圳市企業聯合會) and the Shenzhen Entrepreneur Association (深圳市企業家協會)● Zhongshen Jianye was recognised as a Guangdong Province Construction Industry “AAA” Credit Enterprise* (廣東省建築業AAA級信用企業) by the Guangdong Province Construction Association* (廣東省建築業協會)● Zhongshen Jianye’s construction site at Luohu District Huanyinhu Reservoir Bidao (羅湖區環銀湖水庫碧道建設工程) was awarded the Shenzhen Construction Engineering Safety Production and Civilised Construction Excellent Site Award in the second half year of 2021* (2021年度下半年深圳市建設工程安全生產與文明施工優良工地獎) by Shenzhen Construction Industry Association (深圳建築業協會)● Zhongshen Jianye’s construction site at Office Building No. 1, Xinqi Technology Industry Project (新祺科技產業項目1號辦公樓) was accredited as a 2021 Dongguan City Housing and Municipal Engineering Safety Production and Civilised Construction Demonstration Site* (2021年東莞市房屋市政工程安全生產文明施工示範工地) by Dongguan Construction Industry Association (東莞市建築業協會)

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Year	Milestone events
2022	<ul style="list-style-type: none">● Zhongshen Jianye’s construction site at Basement No. 6, Factory Building No. 3, Office Building No. 1, Xinqi Technology Industry Project (新祺科技產業項目1號辦公樓、3號廠房、6號地下室工程) was awarded the 2022 Guangdong Province Construction Engineering Excellent Structure Award* (2022年廣東省建設工程優質結構獎) by the Guangdong Province Construction Association (廣東省建築業協會)● Zhongshen Jianye’s construction project Main Works of Fengjing Yufu Project (A520-0175) (峰境譽府項目(A520-0175)主體工程) was awarded the Shenzhen Construction Engineering Safety Production and Civilised Construction Excellent Site Award in the second half of 2022* (2022年下半年深圳市建設工程安全生產與文明施工優良工地獎) by the Shenzhen Construction Industry Association (深圳建築業協會)● Zhongshen Jianye’s construction project the Municipal Reconstruction Project of Un-transferred Municipal Public Transportation (未移交市政管理公共道路市政化改造項目工程) was awarded the Shenzhen Construction Engineering Safety Production and Civilised Construction Excellent Site Award in the second half of 2022* (2022年下半年深圳市建設工程安全生產與文明施工優良工地獎) by the Shenzhen Construction Association (深圳建築業協會)● Zhongshen Jianye was accredited as an “AAA” grade in the Certificate of Honest Supplier (誠信供應商證書), Enterprise Credit Rating Certificate (企業信用等級證書), Service and Credit Certificate (重服務守信用證書), Certificate of Compliance with Contract (重合同守信用證書), Quality and Credit Certificate (重質量守信用證書), and Credit Rating Certificate (資信等級證書) by the Yixu Credit Rating Limited* (宜旭信用有限公司)● Zhongshen Jianye was accredited as an “AAA” Integrity Management Demonstration Unit (AAA 級誠信經營示範單位) by the Yixu Credit Rating Limited* (宜旭信用有限公司)● Zhongshen Jianye was recognised as an “AAA” Credit Enterprise (Supreme and Class 1 of General Contracting for Housing Construction) for Shenzhen Construction Enterprise Housing Construction Group in 2022* (2022年度深圳市建築施工企業房建一組(房建施工總承包特級、一級)AAA信用企業) by the Shenzhen Construction Industry Association (深圳建築業協會) in 2023

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<u>Year</u>	<u>Milestone events</u>
	<ul style="list-style-type: none">• Zhongshen Jianye was honoured as one of the 2022 Top 500 Enterprises in Shenzhen (2022深圳500強企業) by the Shenzhen Enterprise Confederation (深圳市企業聯合會) and the Shenzhen Entrepreneur Association (深圳市企業家協會)• Zhongshen Jianye was honoured as one of the 2022 Top 10 Enterprises of Construction Industry Output Value in Guangming District* (2022年度光明區建築業產值十強企業) by the Guangming District Housing and Construction Bureau* (光明區住房和建設局)• Zhongshen Jianye was honoured as a Honest and High-quality Enterprise in the Construction Market of Luohu District, Shenzhen (General Contracting Group for Municipal Public Works Construction) in 2022* (2022年度深圳市羅湖區建築市場誠信優質企業(市政公用工程施工總承包組)) by the Shenzhen Luohu District Housing and Construction Bureau* (深圳市羅湖區住房和建設局)• Zhongshen Jianye was honoured as a Honest and High-quality Enterprise in the Construction Market of Luohu District, Shenzhen (General Contracting Group for Construction Engineering) in 2022* (2022年度深圳市羅湖區建築市場誠信優質企業(建築工程施工總承包組)) by the Shenzhen Luohu District Housing and Construction Bureau* (深圳市羅湖區住房和建設局)• Zhongshen Jianye was recognised as a Member Unit of Guangdong Construction Safety Association (Supreme Class/First Class) in 2022* (廣東省建築安全協會會員單位(特級/一級)) by the Guangdong Construction Safety Association* (廣東省建築安全協會)• Zhongshen Jianye was awarded the 2022 Excellent Organisational Unit of the National Digital Computer Room Installation Skills Competition (Guangdong Provincial Regional Selection) of the National Industry Vocational Skills Competition* (2022年全國行業職業技能競賽 — 全國數字化機房安裝技能競賽(廣東省地區選拔賽)優秀組織單位) by the Guangdong Construction Industry Association* (廣東省建築業協會)

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Year	Milestone events
2023	<ul style="list-style-type: none">Zhongshen Jianye’s construction project Main Works of Fengjing Yufu Project (A520–0175) (峰境譽府項目(A520–0175)主體工程) was accredited as a Guangdong Province Housing and Municipal Engineering Safety Production and Civilised Construction Demonstration Site, and Provincial Construction Project and Construction Safety Production Standardisation Site in the first half of 2023* (2023年上半年廣東省房屋市政工程安全生產文明施工示範工地、省建設工程項目施工安全生產標準化工地) by the Guangdong Province Construction Safety Association* (廣東省建築安全協會)Zhongshen Jianye was recognised as a Vice President Unit* (副會長單位) by the Guangming Construction Science & Technology Industry Promotion Association, Shenzhen (深圳市光明區建築科技產業促進會)

OUR CORPORATE HISTORY

Zhongshen Jianye

Set out below is the brief corporate history of the establishment and changes in the shareholdings of Zhongshen Jianye, our principal operating subsidiary.

Zhongshen Jianye, initially named as Zhongjian Shenye Construction Development Co., Ltd.* (中建深業建設發展有限公司), was established in the PRC with limited liability on 8 June 2017 with an initial registered capital of RMB100.0 million. Upon its establishment, Zhongshen Jianye was held as to 80% by Mr. Sang and 20% by Mr. Xian. Zhongshen Jianye is principally engaged in the provision of construction service in the PRC.

On 15 March 2018, with the approval of the shareholders’ resolutions of Zhongshen Jianye, it was resolved that the registered capital of Zhongshen Jianye be increased from RMB100.0 million to RMB368.0 million, Mr. Sang and Mr. Xian shall contribute as to RMB294.4 million and RMB73.6 million, respectively, maintaining their equity interests in Zhongshen Jianye as to 80% and 20%, respectively. Such capital increase was approved by Shenzhen Administration for Market Regulation (深圳市市場監督管理局) on 19 March 2018.

According to the capital verification report dated 16 December 2020 issued by an independent accountant firm, as of 31 July 2020, the registered capital of Zhongshen Jianye in the amount of RMB43.9 million (out of which RMB5.9 million by cash and RMB38.0 million from its undistributed profit) was paid up. According to the capital verification report dated 16 December 2020 issued by an independent accountant firm, as of 10 December 2020, the registered capital of Zhongshen Jianye in the amount of RMB36.1 million (out of which RMB30.7 million and RMB5.4 million were made by Mr. Sang and Mr. Xian, respectively) was paid up by cash. According to the capital verification report dated 17 November 2021 issued by an independent accountant firm, as of

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31 August 2021, the registered capital of Zhongshen Jianye in the amount of RMB30,000,000 was further paid up from its undistributed profit and made by Mr. Sang and Mr. Xian in proportion to their equity interests in Zhongshen Jianye.

On 1 December 2021, the registered capital of Zhongshen Jianye was increased from RMB368,000,000 to RMB400,000,000 and Lefu Capital subscribed for 8% equity interest in Zhongshen Jianye by contributing RMB32,000,000 by cash to Zhongshen Jianye. Zhongshen Jianye was then held by Mr. Sang, Mr. Xian and Lefu Capital as to approximately 73.6%, 18.4% and 8.0%, respectively. For details of such capital increase and [REDACTED], please refer to the paragraphs headed “Corporate Reorganisation” and “[REDACTED] Investment” in this section. According to the capital verification report dated 23 December 2021 issued by an independent accountant firm, as of 21 December 2021, the registered capital of Zhongshen Jianye in the amount of RMB9,565,200 was paid up and made by Lefu Capital by cash.

On 21 December 2021, Zhongshen Jianye was owned as to 92% by Zhongshen Jianye (Shenzhen) and 8% by Lefu Capital. For details of this change of shareholding of Zhongshen Jianye, please refer to the paragraph headed “Corporate Reorganisation” in this section. According to the capital verification report dated 28 March 2022 issued by an independent accountant firm, as of 24 March 2022, the registered capital of Zhongshen Jianye in the amount of RMB156,434,800 (out of which RMB143,920,016 from conversion of other payables due to Zhongshen Jianye (Shenzhen) from Zhongshen Jianye into equity and RMB12,514,784 by cash from Lefu Capital) was paid up and made by Zhongshen Jianye (Shenzhen) and Lefu Capital in proportion to their equity interests in Zhongshen Jianye. According to the capital verification report dated 14 June 2022 issued by an independent accountant firm, as of 9 June 2022, the registered capital of Zhongshen Jianye in the amount of RMB9,920,016 was paid up and made by Lefu Capital by cash. Thereafter, the cumulative paid up registered capital of Zhongshen Jianye was RMB285,920,016, being 71.48% of its registered capital. According to the articles of association of Zhongshen Jianye, the registered capital of Zhongshen Jianye to be paid up is to be determined by its shareholders with reference to the actual business need of Zhongshen Jianye. As at the Latest Practicable Date, Zhongshen Jianye was directly owned as to 92% by Zhongshen Jianye (Shenzhen) and 8% by Lefu Capital.

As at the Latest Practicable Date, Zhongshen Jianye has seven subsidiaries in the PRC and 15 branches in the PRC. For further details, please refer to the paragraph headed “Subsidiaries of Zhongshen Jianye” in this section.

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Subsidiaries of Zhongshen Jianye

The table below sets out the information about the subsidiaries of Zhongshen Jianye as at the Latest Practicable Date. Each of the subsidiaries of Zhongshen Jianye was wholly-owned by Zhongshen Jianye as at the Latest Practicable Date and has not yet commenced business operation since its establishment:

No.	Name of subsidiary	Nature and location	Date of establishment	Intended principal business
1.	Zhongshen Ecological	A subsidiary of Zhongshen Jianye in Shenzhen	9 June 2017	Provision of construction service in the PRC
2.	Zhongye Jiancai	A subsidiary of Zhongshen Jianye in Shenzhen	12 June 2019	Trading of material in the PRC
3.	Zhongshen Technology	A subsidiary of Zhongshen Jianye in Shenzhen	12 June 2019	Provision of internet of things related service in the PRC
4.	Zhongshen Zhuhai	A subsidiary of Zhongshen Jianye in Zhuhai	18 September 2021	Provision of construction service in the PRC
5.	Zhongshen Jianye (Huizhou)	A subsidiary of Zhongshen Jianye in Huizhou	3 August 2022	Provision of construction service in the PRC
6.	Zhongshen Jianye Construction Design (Shenzhen)	A subsidiary of Zhongshen Jianye in Shenzhen	26 September 2022	Provision of project management service in the PRC
7.	Zhongshen Jianye Project Management (Shenzhen)	A subsidiary of Zhongshen Jianye in Shenzhen	26 September 2022	Provision of information technology consulting service in the PRC

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CORPORATE REORGANISATION

In preparation for the [REDACTED], the companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The main steps of the Reorganisation were:

(1) Incorporation of Zhongshen Hengtai and Zhongshen Chitai

On 22 January 2021, Zhongshen Hengtai was incorporated in accordance with the laws of BVI as a BVI business company. It was authorised to issue a maximum of 50,000 shares of a single class of HK\$1.00 each, of which 100 shares were allotted and issued as fully paid to Mr. Sang at par.

On 22 January 2021, Zhongshen Chitai was incorporated in accordance with the laws of BVI as a BVI business company. It was authorised to issue a maximum of 50,000 shares of a single class of HK\$1.00 each, of which 100 shares were allotted and issued as fully paid to Mr. Xian at par.

(2) Incorporation of our Company, Zhongshen Xihe and Zhongshen Ximing

On 2 February 2021, our Company was incorporated in the Cayman Islands as an exempted company with an initial authorised share capital of HK\$100 divided into 100 shares of HK\$1.00 each, of which one share was allotted and issued as fully paid to the initial subscriber (being an Independent Third Party) at par, and then transferred to Zhongshen Hengtai at par. On the same date, 79 shares and 20 shares were allotted and issued as fully paid to Zhongshen Hengtai and Zhongshen Chitai, respectively, at par. Set out below is the shareholding structure of our Company as at 2 February 2021:

<u>Name of shareholder</u>	<u>Percentage of shareholding</u> (%)
Zhongshen Hengtai	80.00
Zhongshen Chitai	<u>20.00</u>
Total	<u><u>100.00</u></u>

On 22 February 2021, Zhongshen Xihe was incorporated in the BVI as a limited liability company which was authorised to issue a maximum of 50,000 shares of a single class of HK\$1.00 each, of which 100 shares were allotted and issued as fully paid to our Company at par.

On 2 March 2021, Zhongshen Ximing was incorporated in Hong Kong as a limited liability company, of which 100 shares were allotted and issued to Zhongshen Xihe.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Zhongshen Xihe and Zhongshen Ximing would act as the intermediate holding companies of our Group.

(3) Establishment of Zhongshen Mingye and Zhongshen Jianye (Shenzhen)

On 2 December 2021, Zhongshen Mingye was established in the PRC with limited liability with a registered capital of RMB1,000,000. As at the Latest Practicable Date, the registered capital of Zhongshen Mingye was not paid up and the due date for payment is before 30 November 2041 as stipulated in its articles of association. Upon its establishment and as at the Latest Practicable Date, Zhongshen Mingye was directly wholly-owned by Zhongshen Ximing.

On 3 December 2021, Zhongshen Jianye (Shenzhen), initially named as Shenzhen Zhongshen Zhuohe Enterprise Management Co., Ltd* (深圳市中深卓和企業管理有限公司), was established in the PRC with limited liability with an initial registered capital of RMB1,000,000. As at the Latest Practicable Date, the registered capital of Zhongshen Jianye (Shenzhen) in the amount of RMB1,000,000 was not paid up and the due date for payment is before 31 December 2040. Upon its establishment and as at the Latest Practicable Date, Zhongshen Jianye (Shenzhen) was directly wholly-owned by Zhongshen Mingye.

(4) Subscription of 8% equity interest in Zhongshen Jianye by Lefu Capital

On 19 November 2021, pursuant to a capital increase agreement entered into among Zhongshen Jianye, Lefu Capital, Mr. Sang and Mr. Xian, the parties agreed to increase the registered capital of Zhongshen Jianye from RMB368,000,000 to RMB400,000,000 and Lefu Capital agreed to subscribe for 8% equity interest in Zhongshen Jianye by contributing RMB32 million by cash to Zhongshen Jianye. The consideration to the subscription was determined based on negotiation between the parties after taking into consideration of the appraised value of the total shareholders' equity interest of Zhongshen Jianye based on the asset-based approach at an amount of RMB122,002,300 as at 31 August 2021 as assessed by an independent valuer (the “**Valuation**”) as well as the strategic benefits brought to our Group by Xinyao Investment (through Lefu Capital).

Following the completion of the capital increase agreement and the registration of the increase in registered capital on 1 December 2021, Zhongshen Jianye was owned as to 73.6%, 18.4% and 8.0% by Mr. Sang, Mr. Xian and Lefu Capital, respectively.

For further details, please refer to the paragraph headed “[REDACTED] Investment” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(5) Transfers of 73.6% and 18.4% equity interest in Zhongshen Jianye by Mr. Sang and Mr. Xian, respectively to Zhongshen Jianye (Shenzhen) and subscriptions of 0.8% and 0.2% equity interest in Zhongshen Jianye (Shenzhen) by Mr. Sang and Mr. Xian, respectively

On 15 December 2021, with the approval of the shareholder’s resolutions of Zhongshen Jianye (Shenzhen), it was resolved that the registered capital of Zhongshen Jianye (Shenzhen) was increased from RMB1,000,000 to RMB1,010,100. Pursuant to an equity transfer agreement dated 21 December 2021 entered into between Mr. Xian, Mr. Sang and Zhongshen Jianye (Shenzhen), Mr. Sang and Mr. Xian transferred their respective 73.6% and 18.4% equity interest in Zhongshen Jianye to Zhongshen Jianye (Shenzhen) in return for 0.8% and 0.2% equity interest in Zhongshen Jianye (Shenzhen), respectively, thereby Mr. Sang and Mr. Xian subscribed for the increased registered capital of Zhongshen Jianye (Shenzhen) in the aggregate amount of RMB10,100 and 0.8% and 0.2% of the equity interest of Zhongshen Jianye (Shenzhen), respectively.

As advised by our PRC Legal Advisers, the industrial and commercial registration of the said transfer and subscription had been properly and legally completed.

Upon completion of the said transfer on 21 December 2021, Zhongshen Jianye was owned as to 92% and 8% by Zhongshen Jianye (Shenzhen) and Lefu Capital, respectively. Upon completion of the industrial and commercial registration of the said subscription on 24 December 2021, Zhongshen Jianye (Shenzhen) was owned by Zhongshen Mingye as to 99%, Mr. Sang as to 0.8% and Mr. Xian as to 0.2%.

(6) Acquisition of 1% equity interest in Zhongshen Jianye (Shenzhen) by Zhongshen Mingye

On 5 January 2022, Mr. Sang and Zhongshen Mingye entered into an equity transfer agreement whereby Zhongshen Mingye acquired 0.8% equity interest in Zhongshen Jianye (Shenzhen) from Mr. Sang at a cash consideration of RMB976,000, which was determined after arm’s length negotiations between the parties with reference to the Valuation. The consideration was fully settled on 30 August 2022.

On 5 January 2022, Mr. Xian and Zhongshen Mingye entered into an equity transfer agreement whereby Zhongshen Mingye acquired 0.2% equity interest in Zhongshen Jianye (Shenzhen) from Mr. Xian at a cash consideration of RMB244,000, which was determined after arm’s length negotiations between the parties with reference to the Valuation. The consideration was fully settled on 29 August 2022.

As advised by our PRC Legal Advisers, the industrial and commercial registration of the aforesaid transfers had been properly and legally completed on 11 January 2022.

Upon completion of the above steps on 5 January 2022, Zhongshen Jianye (Shenzhen) was directly wholly-owned by Zhongshen Mingye.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(7) Increase in authorised share capital of our Company, allotment of shares by our Company and acquisition of 100% interest in Lefu Capital by Zhongshen Xihe

On 28 June 2022, the authorised share capital of our Company was increased from HK\$100 divided into 100 shares of par value of HK\$1.00 each to HK\$380,000 divided into 380,000 shares of par value of HK\$1.00 each by creation of 379,900 shares of par value of HK\$1.00 each, each ranking *pari passu* in all respects with the shares then in issue. On 29 June 2022, our Company allotted and issued 7,280 and 1,820 new shares of HK\$1.00 each at par to Zhongshen Hengtai and Zhongshen Chitai, respectively. On 30 June 2022, Zhongshen Xihe acquired the entire issued share capital of Lefu Capital from Xinyao Investment in consideration for the allotment and issue of 800 shares of HK\$1.00 each by our Company, credited as fully paid, to Xinyao Investment. The acquisition of the entire issued share capital of Lefu Capital from Xinyao Investment was completed on 30 June 2022.

Set out below is the shareholding structure of our Company as at 30 June 2022:

<u>Name of shareholder</u>	<u>Percentage of shareholding</u> (%)
Zhongshen Hengtai	73.60
Zhongshen Chitai	18.40
Xinyao Investment	<u>8.00</u>
Total	<u><u>100.00</u></u>

Following completion of the Reorganisation:

- (i) our Company was owned by Zhongshen Hengtai, Zhongshen Chitai, Xinyao Investment as to 73.60%, 18.40% and 8.00%, respectively;
- (ii) Zhongshen Xihe has become a direct wholly-owned subsidiary of our Company;
- (iii) each of Zhongshen Ximing, Lefu Capital, Zhongshen Mingye, Zhongshen Jianye (Shenzhen), Zhongshen Jianye, Zhongshen Technology, Zhongye Jiancai, Zhongshen Ecological and Zhongshen Zhuhai has become an indirect wholly-owned subsidiary of our Company;
- (iv) on 3 August 2022, Zhongshen Jianye established Zhongshen Jianye (Huizhou) in the PRC and Zhongshen Jianye (Huizhou) has then become an indirect wholly-owned subsidiary of our Company; and

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (v) On 26 September 2022, Zhongshen Jianye established Zhongshen Jianye Construction Design (Shenzhen) and Zhongshen Jianye Project Management (Shenzhen) in the PRC, and Zhongshen Jianye Construction Design (Shenzhen) and Zhongshen Jianye Project Management (Shenzhen) have then become the indirect wholly-owned subsidiaries of our Company.

As advised by our PRC Legal Advisers, each step in the Reorganisation insofar as PRC law is concerned was properly and legally completed and settled, and was in compliance with applicable PRC laws and regulations, including any requirement to obtain regulatory approvals and filing.

[REDACTED] INVESTMENT

Investment by Xinyao Investment (through Lefu Capital)

Pursuant to a capital increase agreement dated 19 November 2021 entered into among Zhongshen Jianye, Lefu Capital, Mr. Sang and Mr. Xian, Lefu Capital agreed to contribute to the increased registered capital of Zhongshen Jianye in the amount of RMB32 million by cash. The increase in registered capital was registered with the Shenzhen Administration for Market Regulation (深圳市市場監督管理局) on 1 December 2021 and Lefu Capital became interested in 8% of the equity interest in Zhongshen Jianye on the same day. In accordance with the capital increase agreement, RMB9,565,200 out of the RMB32 million was injected to Zhongshen Jianye on 16 December 2021 in cash by Lefu Capital. The injection of the remaining capital in the aggregate amount of RMB22,434,800 was completed on 9 June 2022 in cash by Lefu Capital. At the time of such capital injection, Lefu Capital, a limited company incorporated in Hong Kong, was wholly-owned by Xinyao Investment, a limited company incorporated in the BVI, which in turn was wholly-owned by Ms. Hou. On 30 June 2022, as part of the Reorganisation, Xinyao Investment transferred the entire issued share capital of Lefu Capital to Zhongshen Xihe in consideration for the issue and allotment of 800 shares of HK\$1.00 each by our Company to Xinyao Investment. Details of the above [REDACTED] Investment are set out below:

Name of investor:	Xinyao Investment (through Lefu Capital)
Equity interest in Zhongshen Jianye acquired:	8%
Amount of consideration paid:	RMB32 million
Basis of determination of the consideration:	Based on negotiations between the parties after taking into consideration of the appraised value of the total shareholders' equity interest of Zhongshen Jianye based on the asset-based approach at an amount of RMB122,002,300 as at 31 August 2021 as assessed by an independent valuer as well as the strategic benefits brought to our Group by Xinyao Investment (through Lefu Capital).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date of the agreement in relation to the [REDACTED] Investment:	19 November 2021
Date of full settlement of consideration:	9 June 2022
Total number of Shares held by Xinyao Investment	Before completion of the Capitalisation Issue and the [REDACTED]: [REDACTED] Shares After completion of the Capitalisation Issue and the [REDACTED]: [REDACTED] Shares
Cost per Share paid:	Before completion of the Capitalisation Issue and the [REDACTED]: approximately RMB400 (equivalent to approximately HK\$460.51) per Share After completion of the Capitalisation Issue and the [REDACTED]: approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) per Share
Premium over [REDACTED]:	A premium of approximately [REDACTED]% over [REDACTED] of HK\$[REDACTED]
Approximate effective shareholding in our Company upon [REDACTED]:	[REDACTED]%
Special rights:	No special rights were granted
[REDACTED]:	As at the Latest Practicable Date, all of the [REDACTED] from the [REDACTED] Investment had been utilised towards our general working capital.
Lock-up period:	Subject to a lock-up period commencing on the date by reference to which disclosure of the shareholding of Xinyao Investment is made in this document and ending on the date which is six months from the [REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Strategic benefits brought to our Group by the investor:

Our Directors are of the view that the [REDACTED] Investment is beneficial to our Group as it can assist us in broadening our shareholder base. In addition, Ms. Hou’s positioning as a strategic investor of our Company, coupled with her research experience in communication engineering and electronic engineering will add value to the profile of our Company. With her experience, our Directors believe that Ms. Hou could provide specific insights and advice on our business development and expansion in the PRC.

Background of Xinyao Investment and Ms. Hou

Xinyao Investment is an investment holding company incorporated in the BVI and is solely owned by Ms. Hou. Ms. Hou is a [REDACTED] investor and a private investor who has an extensive experience in communication engineering and electronic engineering research projects. She was also a director of an offshore asset management company principally engaged in offshore fund management and projects investment from November 2017 to August 2020. In 2016, Ms. Hou became acquainted with Mr. Xian through business contact in relation to the technical aspects of communication engineering and electronic engineering where Ms. Hou learnt about the business of our Group.

To the best of the knowledge, information and belief of our Directors, Ms. Hou decided to invest in our Group as she is optimistic about the prospect of the municipal and public construction industry in the PRC, especially in the Greater Bay Area in the PRC, and our Company after she had met our management team and understood the vision and operation of our business. On the other hand, we believe that the expertise of Ms. Hou on communication engineering and electronic engineering could provide technical support on our training to our staff and enhance innovation of our staff and our projects. After arm’s length negotiation, Ms. Hou invested in our Group via the abovementioned [REDACTED] Investment arrangement.

Ms. Hou is the director of Lefu Capital, which is a subsidiary of our Company. Therefore, she is a core connected person of our Company.

To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, save as disclosed above, Xinyao Investment and its ultimate beneficial owner, Ms. Hou, are Independent Third Parties. Ms. Hou confirmed that she subscribed for the registered capital in Zhongshen Jianye through her own sources of fund and not directly or indirectly funded by any connected person of our Company.

Lock-up and [REDACTED]

The Shares held by Xinyao Investment will be subject to a lock-up period commencing on the date by reference to which disclosure of the shareholding of Xinyao Investment is made in this document and ending on the date which is six months from the [REDACTED]. As Ms. Hou, the

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

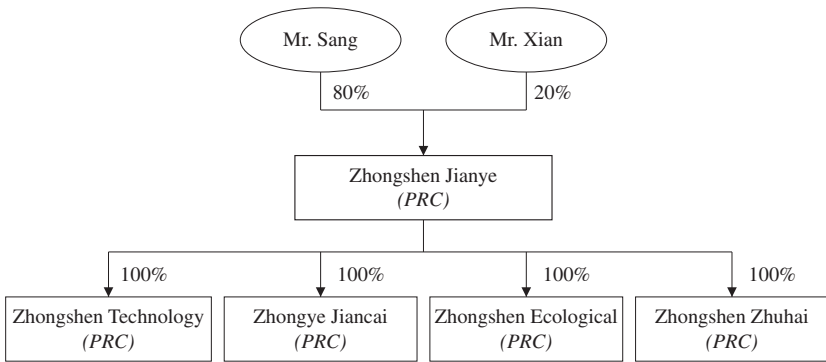
sole shareholder of Xinyao Investment, is a director of a subsidiary of our Company, Xinyao Investment is an associate of a core connected person of our Company. Shares held by Xinyao Investment will not be counted towards the [REDACTED] upon the [REDACTED].

Compliance with interim guidance

The Sole Sponsor is of the view that the [REDACTED] Investment is in compliance with the Interim Guidance on [REDACTED] Investments (HKEx-GL29-12) and the Guidance Letter on [REDACTED] Investments (HKEx-GL43-12) since the consideration under the [REDACTED] Investment was fully settled by 9 June 2022, which was 28 clear days before the date of the first submission of the first [REDACTED] [REDACTED] of our Company, and that the [REDACTED] Investment was not subject to the Guidance on [REDACTED] Investments in Convertible Instruments (HKEX-GL44-12) since it did not involve convertible instruments.

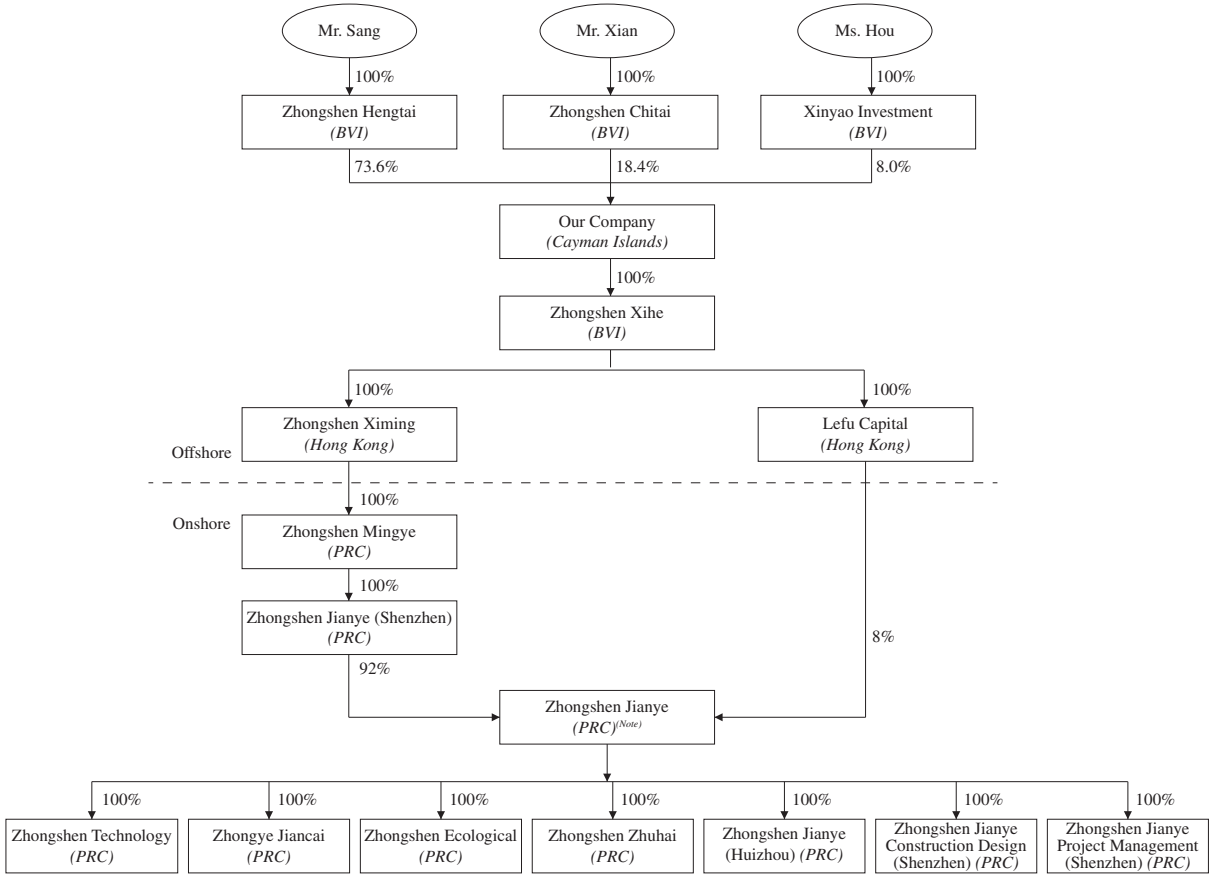
GROUP STRUCTURE

Set forth below was the corporate structure of our Group immediately prior to the Reorganisation:



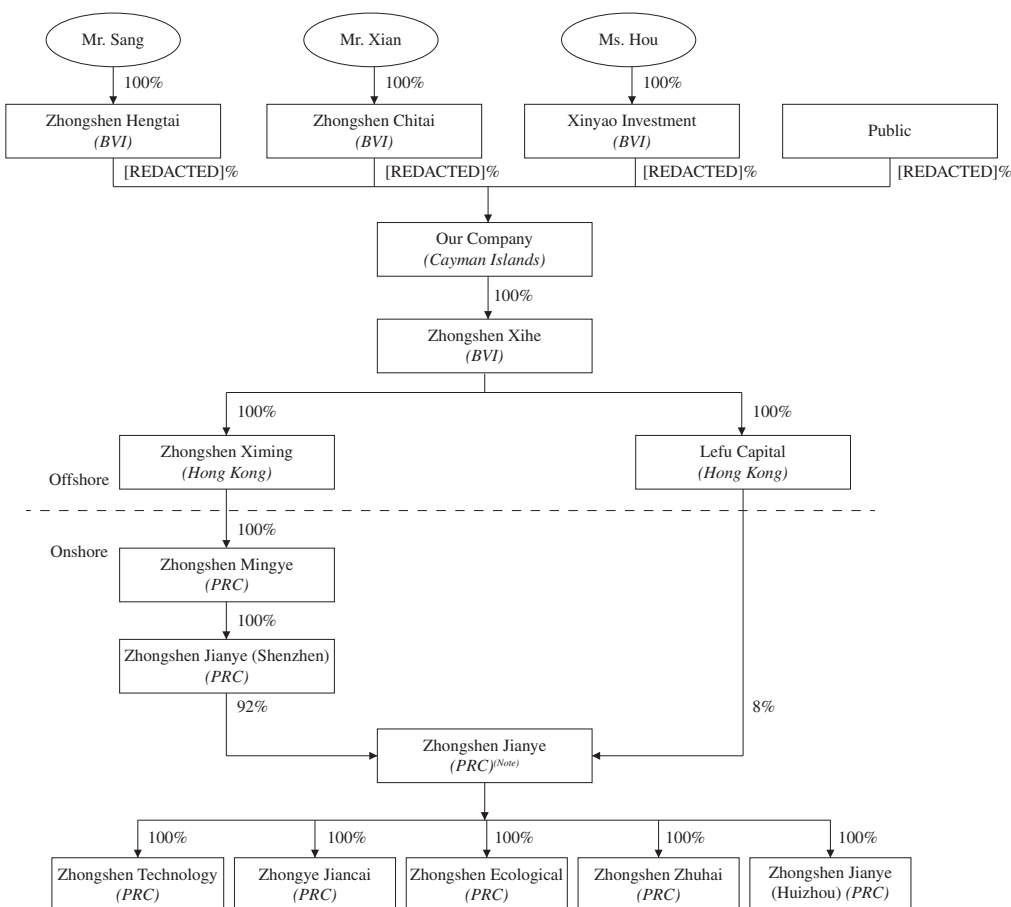
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Set forth below is the corporate structure of our Group after the Reorganisation but immediately prior to the Capitalisation Issue and the [REDACTED]:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Set forth below is the corporate structure of our Group following completion of the Capitalisation Issue and the [REDACTED]:



Note: As at the Latest Practicable Date, Zhongshen Jianye had 15 branch offices across different regions in the PRC, including Zhuhai, Shenzhen, Shanwei, Yangjiang, Quanzhou, Longyan, Wuhan, Hangzhou, Tongling and Huizhou.

GENERAL

As at the Latest Practicable Date, all of our onshore subsidiaries had not paid up their registered capital fully or partially, which amounted to approximately RMB215 million in aggregate. Pursuant to the articles of association of the respective subsidiaries, (i) approximately RMB99 million, in aggregate, of the registered capital of the relevant subsidiaries are required to be paid up by the years of 2033, 2040, 2041, 2050 and 2060 respectively (as the case may be); and (ii) the remainder of approximately RMB116 million is to be paid up as determined by their respective shareholder(s) with reference to the actual business need of the relevant subsidiaries. Our PRC Legal Advisers advised that where the registered capital for a subsidiary has not been paid up, it does not violate the provisions of PRC laws and regulations, and its articles of association.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

M&A Rules

According to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity via an increase in registered capital of the domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic non-foreign invested enterprise by agreement, or (iii) a foreign investor purchases the assets of a domestic non-foreign invested enterprise by agreement and injects those assets to establish a foreign-invested enterprise and operates those assets. According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from the MOFCOM is required.

Our PRC Legal Advisers advised that Article 11 of the M&A Rules does not apply to (i) the subscription of 8% equity interest in Zhongshen Jianye by Lefu Capital since Ms. Hou, the ultimate shareholder of Lefu Capital, is a Hong Kong permanent resident and was not related to or connected with Zhongshen Jianye before such subscription, and hence such subscription of 8% equity interest is not an associated transaction; and (ii) the acquisition of 92% equity interest in Zhongshen Jianye by Zhongshen Jianye (Shenzhen) because Zhongshen Jianye is no longer a domestic company but a foreign-invested enterprise at the time of acquisition. Our PRC Legal Advisers is of the view that the Reorganisation and the [REDACTED] do not require the approval of the CSRC and/or any other governmental authorities under the M&A Rules.

Compliance with the Circulars 37 and 13

Pursuant to Circular 37, special purpose vehicles (the “SPV”) refers to overseas companies directly incorporated or indirectly controlled by domestic residents (including domestic institutions and individual domestic residents) using the assets or rights and interests of domestic companies that they legally possess or the overseas assets or rights and interests they legally possess for the purpose of investments and financing. According to the Circular 37, (i) before a domestic resident contributes his or her legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity into SPVs for the purpose of offshore investment and financing, the domestic resident shall register with the local branch of the SAFE; and (ii) following the initial registration, any major changes shall be reported to the SAFE for registration in time, and failing to comply with the registration procedures as set out in the Circular 37 may result in penalties.

Pursuant to the Circular 13, the SAFE has authorised the qualified local banks to review and process, among others, the foreign exchange registration directly for overseas investment under the Circular 37, and the SAFE and its local branches conduct indirect supervision and administration through the banks over such registrations.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As advised by our PRC Legal Advisers, Mr. Sang and Mr. Xian fall within the meaning of a domestic resident in the Circular 37 and have completed the foreign exchange registration of domestic residents for their individual offshore investment with Shenzhen Branch, Pingan Bank in November 2021. Since Ms. Hou is a Hong Kong permanent resident and not fall within the meaning of a domestic resident in the Circular 37, she is not subject to the foreign exchange registration under the Circular 37.