

**HISTORY, REORGANIZATION AND CORPORATE STRUCTURE**

**OVERVIEW**

In 2011, Ms. Yang, our founder and executive Director, founded Etekcitiy US and commenced selling our products online through Amazon with a focus on small home appliances. In 2012, in order to increase our product recognition, we launched the “Etekcitiy” brand for small home appliances.

In 2013, we established Shenzhen Chenbei to strengthen our product design, development and supply chain capability. Relied on the product subcontractors, logistic companies and IoT talents in the PRC, we had stable growth in our supply volume, delivery efficiency and research and development capability.

As demands for small home appliances continued to grow, we launched two brands, namely “Levoit” and “Cosori” in 2016. “Levoit” brand mainly offers small home appliances for improving home environment, and “Cosori” mainly offers kitchen appliances and dining ware. Our products under “Levoit” and “Cosori” had gained wide recognition in the small appliance market.

To cater customers’ growing demands for smart home solutions, we developed our VeSync app in 2015, offer home automation experience to users through centralized control of smart home devices.

**KEY BUSINESS MILESTONES**

The following table sets forth the key milestones in our Group:

<u>Time</u>	<u>Milestone</u>
2011 . . . . .	— Founded Etekcitiy US — Commenced online sales of small home appliances on Amazon
2012 . . . . .	— Launched products under our own “Etekcitiy” brand
2013 . . . . .	— Founded Shenzhen Chenbei to strengthen our product design, development and capability. Relied on the abundant resources in the PRC, we had stable improvement in supply volume, delivery efficiency and research and development capability — Expanded into the European market as part of our plan to achieve global presence
2014 . . . . .	— Expanded into the Canadian market to increase our sales volume
2015 . . . . .	— Developed VeSync app to offer smart home solution

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<u>Time</u>	<u>Milestone</u>
2016 . . . . .	— Launched products under our own “Levoit” brand for home environment appliances and “Cosori” brand for kitchen appliances and dining ware — Established our VeSync research and development team
2017 . . . . .	— Commenced sales under Vendor Central program with Amazon — Commenced sales on other retail chains to expand and diversify our sales channel — Launched our first smart small home appliances: smart air purifiers — Expanded into the Japanese market as part of our plan to achieve global presence
2018 . . . . .	— Launched the first model of our air fryer
2019 . . . . .	— Launched our second smart small home appliances: smart air fryer — Started to develop smart security solutions

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### CORPORATE DEVELOPMENT

#### (a) Operating entities

##### 1. Shenzhen Chenbei

Shenzhen Chenbei was established in the PRC with limited liability on February 27, 2013 with an initial registered capital of RMB500,000. It is principally engaged in trading and design of small home appliances and smart home devices. Upon its establishment, Shenzhen Chenbei was wholly owned by Ms. Yang. In 2017, due to the business expansion and development, Shenzhen Chenbei obtained a series of capital contributions in the amount of RMB23,000,000 in aggregate, including Mr. Yang Yuzheng (father of Ms. Yang and Mr. Yang Hai) to enhance the working capital of our Group. The following table sets out the changes in registered capital and shareholders of Shenzhen Chenbei since its establishment and immediately prior to the Reorganization:

Date	Change	Registered capital immediately after the change	Shareholding percentage immediately after the change
Upon establishment	—	RMB500,000	Ms. Yang
December 15, 2015	Increase in registered capital by RMB5,050	RMB505,050	(i) Ms. Yang (99.0001%); and (ii) Mr. Yang Hai (0.9999%)
June 23, 2016	Increase in registered capital by RMB4,994,950	RMB5,500,000	(i) Ms. Yang (99%); and (ii) Mr. Yang Hai (1%)
January 2, 2017	Increase in registered capital by RMB1,000,000	RMB6,500,000	(i) Ms. Yang (85%); (ii) an ex-employee of Shenzhen Chenbei (13%) <sup>(1)</sup> ; (iii) Mr. Yang Hai (1%); and (iv) Ms. Jiang Junxiu (江均秀) (a director of Yoowo HK) (1%) <sup>(2)</sup>
May 18, 2017	Increase in registered capital by RMB22,000,000	RMB28,500,000	(i) Ms. Yang (46.7684%); (ii) Mr. Yang Yuzheng (36.8421%); (iii) an ex-employee of Shenzhen Chenbei (13.1095%) <sup>(1)</sup> ; (iv) an Independent Third Party (1.2632%) <sup>(3)</sup> ; (v) Mr. Yang Hai (1.0084%); and (vi) Ms. Jiang Junxiu (1.0084%) <sup>(2)</sup>
December 27, 2017	Transfer of 13.1095% equity interest by the ex-employee of Shenzhen Chenbei to Ms. Yang and Mr. Yang Yuzheng, respectively <sup>(4)</sup>	RMB28,500,000	(i) Ms. Yang (50.7551%); (ii) Mr. Yang Yuzheng (45.9649%); (iii) Ms. Jiang Junxiu (1.0084%) <sup>(2)</sup> ; (iv) Mr. Yang Hai (1.0084%); and (v) an Independent Third Party (1.2632%) <sup>(3)</sup>

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*Notes:*

- (1) The ex-employee was the then vice general manager of Shenzhen Chenbei and was principally responsible for overseeing the product development and supply chain of Shenzhen Chenbei. The said ex-employee made capital contributions of RMB845,000 and RMB2,891,200 to Shenzhen Chenbei in January 2017 and May 2017, respectively. Immediately after the aforesaid capital contributions, the said ex-employee held approximately 13.1095% of the enlarged registered capital of Shenzhen Chenbei. The aforesaid capital contributions had been properly and legally settled.
- (2) Ms. Jiang Junxiu is a director of Yoowo HK and is principally responsible for overseeing the procurement and administration of our Group. Ms. Jiang Junxiu made capital contributions of RMB65,000 and RMB222,400 to Shenzhen Chenbei in January 2017 and May 2017, respectively. Immediately after the aforesaid capital contributions, Ms. Jiang Junxiu held approximately 1.0084% of the enlarged registered capital of Shenzhen Chenbei. The aforesaid capital contributions had been properly and legally settled.
- (3) The Independent Third Party made a capital contribution of RMB360,000 to Shenzhen Chenbei through his nominee (as more particularly described below) in May 2017. Immediately after the aforesaid capital contribution, the said Independent Third Party held approximately 1.2632% of the enlarged registered capital of Shenzhen Chenbei through his nominee. The aforesaid capital contribution had been properly and legally settled. Solely for administrative convenience and cost-saving purposes, the said Independent Third Party, who is a Hong Kong resident, entered into a nominee arrangement with a nominee (the “**Nominee**”) in May 2017, pursuant to which, the said Nominee held 1.2632% equity interest in Shenzhen Chenbei in the capacity of nominee for the benefit of the said Independent Third Party. The nominee arrangement ended when WFOE acquired Shenzhen Chenbei on June 28, 2019 as part of the Reorganization.
- (4) The ex-employee of Shenzhen Chenbei transferred 13.1095% equity interest in Shenzhen Chenbei to Ms. Yang and Mr. Yang Yuzheng, respectively, as he resigned from Shenzhen Chenbei in December 2017. The aforesaid equity transfer had been properly and legally settled.

Pursuant to the equity transfer agreement dated June 28, 2019, as part of the Reorganization, WFOE acquired the entire equity interest in Shenzhen Chenbei from the then registered shareholders of Shenzhen Chenbei. For further details, please refer to the paragraphs headed “Reorganization—(D) Acquisition of Shenzhen Chenbei by WFOE” in this section. Upon completion of the said transfers on August 26, 2019, and up to the Latest Practicable Date, Shenzhen Chenbei was wholly owned by WFOE.

### **2. Rongyi Shanghai**

Rongyi Shanghai was established in the PRC with limited liability on March 17, 2015 with a registered capital of RMB1,000,000. It is principally engaged in export and sales of small home appliances and smart home devices. Upon its establishment, Rongyi Shanghai was owned as to 99% and 1% by Ms. Yang and Mr. Yang Hai, respectively.

Pursuant to the equity transfer agreement dated December 18, 2015, Ms. Yang and Mr. Yang Hai together transferred their entire equity interests in Rongyi Shanghai to Shenzhen Chenbei both at a nominal consideration of RMB1. The aforesaid transfers were properly and legally settled. Upon completion of the said transfers on January 7, 2016, and up to the Latest Practicable Date, Rongyi Shanghai was wholly owned by Shenzhen Chenbei.

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### 3. *Chongqing Xiaodao*

Chongqing Xiaodao was established in the PRC with limited liability on April 8, 2015 with a registered capital of RMB1,000,000. It is principally engaged in research and development of small home appliances and smart home devices. Upon its establishment, Chongqing Xiaodao was owned as to 99% and 1% by Ms. Yang and Mr. Yang Hai, respectively.

Pursuant to two separate equity transfer agreements both dated December 18, 2015, Ms. Yang and Mr. Yang Hai transferred 99% and 1% equity interest in Chongqing Xiaodao to Shenzhen Chenbei both at a nominal consideration of RMB1, respectively. The aforesaid transfers were properly and legally settled. Upon completion of the said transfers on December 29, 2015 and up to the Latest Practicable Date, Chongqing Xiaodao was wholly owned by Shenzhen Chenbei.

### 4. *Dongguan Zhilun*

Dongguan Zhilun was established in the PRC with limited liability on February 14, 2017 with a registered capital of RMB5,000,000. It is principally engaged in manufacturing and sales of small home appliances and smart home devices. Upon its establishment and up to the Latest Practicable Date, Dongguan Zhilun was wholly owned by Shenzhen Chenbei.

### 5. *Etekcity US*

Etekcity US was incorporated in the United States on December 5, 2011 as a general stock corporation and authorized to issue common stock of 5,000 shares with a par value of US\$0.01. It is principally engaged in trading and design of small home appliances and small electronic gadgets. Upon its incorporation, Etekcity US was wholly owned by Ms. Yang.

Pursuant to the share purchase agreement dated December 29, 2015 and its supplemental agreement dated October 12, 2016, Ms. Yang transferred the entire issued share capital of Etekcity US to Chengdu Xiaodu at a consideration of US\$1,016,427.44, which was determined based on the net assets value of Etekcity US. Upon completion of the said transfer, Etekcity US was wholly owned by Chengdu Xiaodu.

As part of the Reorganization, the entire share capital of Etekcity US was first transferred from Chengdu Xiaodu to Arcsync BVI on September 29, 2019, and was subsequently transferred from Arcsync BVI to L&H Y US on October 11, 2019. For further details, please refer to the paragraphs headed “Reorganization—(E) Reorganization of the US subsidiaries” in this section. Upon completion of the said transfers, and up to the Latest Practicable Date, Etekcity US was wholly owned by L&H Y US.

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### 6. *Atekcity US*

Atekcity US was incorporated in the United States as a general stock corporation on July 3, 2012 and authorized to issue common stock of 1,000 shares with no par values. It is principally engaged in customs clearance and declaration. Upon its incorporation, Atekcity US was wholly owned by Ms. Yang.

Pursuant to the share purchase agreement dated December 29, 2015 and its supplemental agreement dated October 12, 2016, Ms. Yang transferred the entire issued share capital of Atekcity US to Chengdu Xiaodu at a consideration of US\$70,415.87, which was determined based on the net assets value of Atekcity US. Upon completion of the said transfer, Atekcity US was wholly owned by Chengdu Xiaodu.

As part of the Reorganization, the entire share capital of Atekcity US was first transferred from Chengdu Xiaodu to Arcsync BVI on September 29, 2019, and was subsequently transferred from Arcsync BVI to L&H Y US on October 11, 2019. For further details, please refer to the paragraphs headed “Reorganization—(E) Reorganization of the US subsidiaries” in this section. Upon completion of the said transfers, and up to the Latest Practicable Date, Atekcity US was wholly owned by L&H Y US.

### 7. *Vesync US*

Vesync US was incorporated in the United States as a general stock corporation on April 1, 2015 and authorized to issue common stock of 1,000 shares with no par values for the purpose of holding our trademark of “Vesync” and is intended to be platform for our future business expansion in the US. Upon its incorporation, Vesync US was wholly owned by Etekcity US.

Pursuant to the share transfer agreement dated January 30, 2020, as part of the Reorganization, Etekcity US transferred the entire issued share capital of Vesync US to Arcsync BVI. For further details, please refer to the paragraphs headed “Reorganization—E. Reorganization of the US subsidiaries” in this section. Upon completion of the said transfer and up to the Latest Practicable Date, Vesync US was wholly owned by Arcsync BVI.

### 8. *Cosori US*

Cosori US was incorporated in the United States as a general stock corporation on September 8, 2015 and authorized to issue common stock of 1,000 shares with no par values for the purpose of holding our trademark of “Cosori”. Upon its incorporation and up to the Latest Practicable Date, Cosori US was wholly owned by Etekcity US.

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### 9. *Arovast US*

Arovast US was established in the United States as a general stock corporation on October 20, 2016 and authorized to issue common stock of 1,000 shares with no par values. It is principally engaged in trading of small home appliances and small electronic gadgets. Upon its incorporation and up to the Latest Practicable Date, Arovast US was wholly owned by Etekcitey US.

### 10. *Yoowo HK*

Yoowo HK was incorporated in Hong Kong with limited liability on September 23, 2015 with a share capital of HK\$1,000,000 divided into 1,000,000 shares, which were allotted and issued as fully paid to Shenzhen Chenbei. It is principally engaged in trading of small home appliances and smart home devices. Upon its incorporation and up to the Latest Practicable Date, Yoowo HK was wholly owned by Shenzhen Chenbei.

### 11. *Adiman Netherlands*

Adiman Netherlands was incorporated in the Netherlands with limited liability on January 4, 2016 with an issued share capital of EUR1,000 divided into 100 shares. It is principally engaged in trading of small home appliances and smart home devices. Upon its incorporation and up to the Latest Practicable Date, Adiman Netherlands was wholly owned by Yoowo HK.

### 12. *Etekcitey Germany*

Etekcitey Germany was incorporated in Germany with limited liability on November 16, 2017 with a registered capital of EUR150,000. It is principally engaged in customs clearance and declaration and trading of small home appliances and smart home devices. Upon its incorporation and up to the Latest Practicable Date, Etekcitey Germany was wholly owned by Yoowo HK.

### 13. *Etekcitey Japan*

Etekcitey Japan was established in Japan as a joint stock company (*kabushiki kaisha*) on January 28, 2019 with a share capital of JPY2,000,000 divided into 200 shares. It is principally engaged in trading of small home appliances and smart home devices. Upon its incorporation and up to the Latest Practicable Date, Etekcitey Japan was a wholly-owned subsidiary of Yoowo HK. For further details, please refer to the paragraphs headed “Reorganization—A. Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.

### 14. *Etekcitey Macau*

Etekcitey Macau was incorporated in Macau as a limited liability company on February 21, 2019 with a share capital of MOP 25,000. It has not commenced business since its incorporation and is intended to be engaged in trading of small home appliances and smart

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home devices. Upon its incorporation, each of Ms. Jiang Junxiu (a director of Yoowo HK) and Mr. Chen Zhaojun (our executive Director) held one share representing the share capital of MOP17,500 and MOP7,500, respectively, under mandate of Ms. Yang, and hence Etekcity Macau was held as to 70% and 30% by Ms. Jiang Junxiu and Mr. Chen Zhaojun, respectively, both as nominee shareholders holding under mandate for Ms. Yang. For further details, please refer to the paragraphs headed “Reorganization—A. Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.

Pursuant to the transfer agreement dated August 3, 2020, as part of the Reorganization, Ms. Jiang Junxiu transferred one share of MOP17,500 in Etekcity Macau, representing 70% of its share capital, to Ecomine HK, and Mr. Chen Zhaojun transferred one share of MOP7,500 in Etekcity Macau representing 30% of its share capital, to Vitasync BVI. For further details, please refer to paragraphs headed “Reorganization—(F) Acquisition of Etekcity Macau from Ms. Jiang Junxiu and Mr. Chen Zhaojun by Ecomine HK and Vitasync BVI” in this section. Upon completion of the said transfers on August 3, 2020 and up to the Latest Practicable Date, Etekcity Macau was owned as to 70% and 30% by Ecomine HK and Vitasync BVI, respectively.

### (b) Investment holding entities

#### 1. *Our Company*

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 9, 2019. As of the Latest Practicable Date, our Company was owned as to 28.9305%, 19.2869%, 43.6667%, 1.2000%, 1.9080%, 0.9580% and 4.0499% by Karis I LLC, Karis II LLC, Caerus BVI, Chen Wangcai BVI, Gongjin BVI, Arceus BVI and BOCT, respectively. For further details, please refer to the paragraphs headed “Reorganization—A. Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.

#### 2. *Vitasync BVI*

Vitasync BVI was incorporated in the BVI with limited liability on February 27, 2019. As of the Latest Practicable Date, Vitasync BVI was wholly owned by our Company. For further details, please refer to the paragraphs headed “Reorganization—A. Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.

#### 3. *Arcsync BVI*

Arcsync BVI was incorporated in the BVI with limited liability on February 27, 2019. As of the Latest Practicable Date, Vitasync BVI was wholly owned by our Company. For further details, please refer to the paragraphs headed “Reorganization—A. Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.



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### 4. *L&H Y US*

L&H Y US was incorporated in the United States as a general stock corporation on October 3, 2006 and authorized to issue common stock of 5,000 shares with a par value of US\$0.01. It was previously engaged in trading of small home appliances and electronic gadgets but had ceased business operations since April 2016. Upon completion of the Reorganization, it will be principally engaged in investment holding for the purpose of holding our US subsidiaries. Upon its incorporation, L&H Y US was wholly owned by Ms. Yang.

Pursuant to the share purchase agreement dated December 29, 2015 and its supplemental agreement dated October 12, 2016, Ms. Yang transferred the entire issued share capital of L&H Y US to Chengdu Xiaodu at a consideration of US\$1,111,162.69, which was determined based on the net assets value of L&H Y US. Upon completion of the said transfer, L&H Y US was wholly owned by Chengdu Xiaodu.

Pursuant to the share transfer agreement dated September 29, 2019, as part of the Reorganization, Chengdu Xiaodu transferred the entire issued share capital of L&H Y US to Arcsync BVI. For further details, please refer to the paragraphs headed “Reorganization—(E) Reorganization of the US subsidiaries” in this section. Upon completion of the said transfer and up to the Latest Practicable Date, L&H Y US was wholly owned by Arcsync BVI.

### 5. *Ecomine HK*

Ecomine HK was incorporated in Hong Kong with limited liability on March 25, 2019 with a share capital of HK\$10,000 divided into 10,000 shares, which was allotted and issued as fully paid to Vitasync BVI. Upon its incorporation and up to the Latest Practicable Date, Ecomine HK was wholly owned by Vitasync BVI. For further details, please refer to the paragraphs headed “Reorganization—(A) Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.

### 6. *WFOE*

WFOE was established in the PRC with limited liability with a registered capital of RMB30,000,000 on April 26, 2019. As of the Latest Practicable Date, WFOE was wholly owned by Ecomine HK. For further details, please refer to the paragraphs headed “Reorganization—(A) Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE” in this section.

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(c) **Ceased material subsidiary**

*Chengdu Xiaodu*

Chengdu Xiaodu was established in the PRC with limited liability on October 30, 2015 with a registered capital of RMB2,000,000. Prior to the deregistration, it was wholly owned by Shenzhen Chenbei and was principally engaged in the provision of internet technology services. As part of our internal structure adjustment in 2016, Chengdu Xiaodu acted as an intermediary investment holding company of our Group to hold the shareholdings in certain offshore entities (the “**Investments in Offshore Entities**”), namely Etekcitec US, Atekcitec US, L&H Y US and HL Y. As part of the Reorganization, Chengdu Xiaodu transferred its entire shareholding interests in the aforesaid offshore entities either to overseas members of our Group or to Mr. Yang Yuzheng, one of our Controlling Shareholders (the “**Relevant Transfers**”) while the application for the overseas direct investment record-filing for the Investments in Offshore Entities was in the process of reviewing. For details of the Relevant Transfers, please refer to the paragraph headed “Reorganization — (C) Disposal of HL Y and (E) Reorganization of the U.S. subsidiaries” in this section. In order to streamline the structure of our Group, pursuant to the written resolutions of its sole shareholder dated November 11, 2019, Chengdu Xiaodu was applying for the deregistration. On July 15, 2020, Chengdu Xiaodu was deregistered.

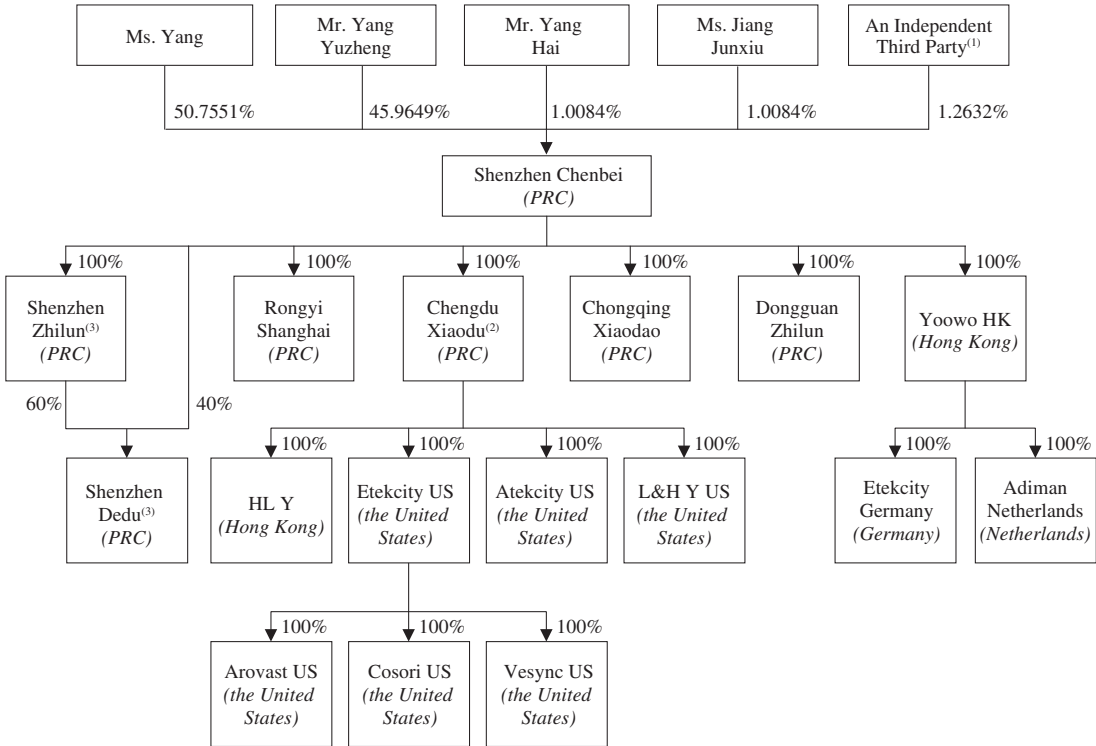
Prior to its deregistration in July 2020, Chengdu Xiaodu was slightly loss making based on its unaudited management accounts for the six months ended 30 June 2020. The aforesaid net losses were mainly attributable to the general and administrative expenses which mainly included rental expenses arising from the lease of Chengdu Xiaodu’s offices.

Our Directors confirm that Chengdu Xiaodu was solvent, and was not involved in any pending or unresolved arbitration or legal proceedings, or had any material non-compliance immediately prior to its deregistration.

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**REORGANIZATION**

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



Notes:

- (1) The Independent Third Party held the 1.2632% equity interest through his nominee in Shenzhen Chenbei. For details of the nominee arrangement, please refer to the paragraphs headed “Corporate Development—(a) Operating entities—1. Shenzhen Chenbei” in this section.
- (2) Chengdu Xiaodu was deregistered on July 15, 2020. For details of its deregistration, please refer to the paragraph headed “Corporate Development—(c) Ceased material subsidiary” in this section.
- (3) Shenzhen Dedu and Shenzhen Zhilun were deregistered in May 2019. Prior to their respective deregistration, our Directors confirm that none of the aforesaid subsidiaries had any material business operations or was insolvent, involved in any pending or unresolved arbitration or legal proceedings, or had any material non-compliances with any applicable PRC laws and regulations.

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

### **(A) Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE**

#### *Offshore Investment Holding Companies*

Each of the then individual shareholders of Shenzhen Chenbei (excluding Ms. Yang), namely, Mr. Yang Yuzheng, Mr. Yang Hai, Ms. Jiang Junxiu and an Independent Third Party, incorporated his/her wholly-owned investment holding vehicles in the BVI, namely, Caerus BVI, Arceus BVI, Gongjin BVI and Chen Wangcai BVI, respectively.

North Point Trust Company L.L.C., as the trustee of the Annuity Trusts, incorporated two wholly-owned companies in the United States, namely, Karis I LLC and Karis II LLC, on trust for the benefit of the Annuity Trusts, as of the Latest Practicable Date, and the Family Trusts, being the beneficiaries of the Annuity Trusts, shall receive all of the remaining assets from the Annuity Trusts accordingly upon the expiration of the respective terms of the Annuity Trusts. For details, please refer to paragraphs headed “Reorganization—(B) Establishment of the Annuity Trusts and the Family Trusts” in this section.

#### *Our Company*

On January 9, 2019, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorized share capital of HK\$380,000 divided into 38,000,000 Shares with par value of HK\$0.01 each. Upon its incorporation, one Share was allotted and issued to the initial subscriber, which was transferred to Ms. Yang on the same day.

On March 22, 2019, nine Shares were further allotted and issued, as fully paid, to Ms. Yang at par. The aforesaid allotment had been completed with the register of members of our Company updated on March 22, 2019.

On June 25, 2019, pursuant to the gift deeds both dated June 25, 2019, Ms. Yang transferred six Shares and four Shares to Karis I LLC and Karis II LLC, respectively, by way of gift. The aforesaid transfers had been completed with the register of members of our Company updated on June 25, 2019. Following the aforesaid transfers and allotments, our Company was held as to 60% and 40% by Karis I LLC and Karis II LLC, respectively.

On September 12, 2019, 304,525 Shares, 203,016 Shares, 459,649 Shares, 12,632 Shares, 10,084 Shares and 10,084 Shares were allotted and issued, all as fully paid, to Karis I LLC, Karis II LLC, Caerus BVI, Chen Wangcai BVI, Gongjin BVI and Arceus BVI, at the consideration of Hong Kong dollars equivalent to RMB9,091,089, RMB6,060,726, RMB13,721,813, RMB377,088, RMB301,042 and RMB301,042, respectively. The allotments

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had been completed with the register of members of our Company updated on September 12, 2019. Following the aforesaid allotments, our Company was held as to 30.4531%, 20.3020%, 45.9649%, 1.2632%, 1.0084% and 1.0084% by Karis I LLC, Karis II LLC, Caerus BVI, Chen Wangcai BVI, Gongjin BVI and Arceus BVI, respectively.

On June 22, 2020, 52,631 Shares were allotted and issued, as fully paid, to BOCT at par for the purpose of the [REDACTED] Share Award Scheme. The allotments were completed with the register of members of our Company updated. For details, please refer to the paragraphs headed “Reorganization—(G) Adoption of the [REDACTED] Share Award Scheme and allotment of Shares to BOCT” in this section. Following the aforesaid allotments, our Company was held as to 28.9305%, 19.2869%, 43.6667%, 1.2000%, 0.9580%, 0.9580% and 4.9999% by Karis I LLC, Karis II LLC, Caerus BVI, Chen Wangcai BVI, Gongjin BVI, Arceus BVI and BOCT, respectively.

On [November 1, 2020], [10,000] Awarded shares were granted to Ms. Jiang Junxiu under the [REDACTED] Share Award Scheme. In connection with the aforesaid grant, as instructed by our Company, BOCT transferred [10,000] Awarded Shares at par to Gongjin BVI, an investment holding vehicle of Ms. Jiang Junxiu, accordingly. For details, please refer to the paragraphs headed “Reorganization—(G) Adoption of the [REDACTED] Share Award Scheme and allotment of Shares to BOCT” in this section. As of the Latest Practicable Date, 1.9080% of our Company was held by Ms. Jiang Junxiu through Gongjin BVI.

### *Offshore Subsidiaries*

On February 27, 2019, Vitasync BVI was incorporated in the BVI with limited liability. Since its incorporation and up to the Latest Practicable Date, Vitasync BVI was wholly owned by our Company.

On February 27, 2019, Arcsync BVI was incorporated in the BVI with limited liability. Since its incorporation and up to the Latest Practicable Date, Arcsync BVI was wholly owned by our Company.

On March 25, 2019, Ecomine HK was incorporated in Hong Kong with limited liability. Since its incorporation and up to the Latest Practicable Date, Ecomine HK was wholly owned by Vitasync BVI.

On January 28, 2019, Etekcitiy Japan was established in Japan as a joint stock company. Since its incorporation and up to the Latest Practicable Date, Etekcitiy Japan was wholly owned by Yoowo HK.

On February 21, 2019, Etekcitiy Macau was incorporated in Macau with limited liability. Upon its incorporation, Etekcitiy Macau was held as to 70% and 30% by Ms. Jiang Junxiu and Mr. Chen Zhaojun, respectively, both as nominee shareholders holding under mandate for Ms. Yang.

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### *WFOE*

On April 26, 2019, WFOE was established in the PRC as a wholly foreign-owned limited liability company. Since its establishment and up to the Latest Practicable Date, WFOE was wholly owned by Ecomine HK.

### **(B) Establishment of the Annuity Trusts and the Family Trusts**

On March 21, 2019, for the purposes of estate planning and family succession, Ms. Yang, as both the settlor, the person settling trust assets on trust, and the trustee, established Family Trust I for the benefit of any children born to or adopted by Ms. Yang and their respective issue, and Family Trust II for the benefit of Mr. Ryan Xu, being Ms. Yang’s child, during his lifetime. In addition, regarding Family Trust II, an independent trustee may be appointed which would have a discretion to distribute any net income of Family Trust II to any charitable organizations from time to time. As of the Latest Practicable Date, Mr. Ryan Xu, who is the only child of Ms. Yang without any issue of his own, is the sole beneficiary of the Family Trusts.

On the same date, Ms. Yang, as the grantor, the person making the transfer of trust assets to the Annuity Trusts, established Annuity Trust I and Annuity Trust II. North Point Trust Company L.L.C. was appointed by Ms. Yang as the trustee of the Annuity Trusts (the “**Annuity Trusts Trustee**”). In June 2019, Ms. Yang transferred 10 Shares in total to Karis I LLC and Karis II LLC, and in September 2019, the Company allotted and issued 507,541 Shares in total to Karis I LLC and Karis II LLC, each of which is wholly owned by the Annuity Trusts Trustee. The aforesaid Shares held by Karis I LLC and Karis II LLC constitute part of the trust properties of the Annuity Trusts. On September 25, 2020, Ms. Yang, as the grantor, established two new annuity trusts, namely Annuity Trust III and Annuity Trust IV. Similar to Annuity Trust I & Annuity Trust II, Annuity Trust III and Annuity Trust IV are structured with Ms. Yang as the grantor and the Annuity Trusts Trustee as the trustee. The beneficiaries of Annuity Trust III and Annuity Trust IV are Family Trust I and Family Trust II, respectively. During the respective terms of the Annuity Trusts, Ms. Yang, as the annuitant, is entitled to receive a fixed annuity and any net income of the Annuity Trusts in excess of the aforesaid annuity annually (the “**Fixed Annuities**”). On September 25, 2020, the Fixed Annuities of US\$13,432,621 under Annuity Trust I in the form of 72,849 membership units in Karis I LLC and US\$5,498,281 under Annuity Trust II in the form of 29,819 membership units in Karis II LLC were distributed to Ms. Yang, who immediately directed the Annuity Trust Trustee to transfer the aforesaid Fixed Annuities of US\$13,432,621 and US\$5,498,281 to Annuity Trust III and Annuity Trust IV, respectively, on the same date. Pursuant to the terms of the Annuity Trusts and the deed of undertaking dated [December 1, 2020] executed by Ms. Yang, any Fixed Annuities and/or any Future Fixed Annuities (as defined below), and/or any annuity property vested in Ms. Yang under the Annuity Trusts (the “**Vested Annuity Property**”) in the form of shares, membership units or beneficial interests in Karis I LLC, Karis II LLC and/or the

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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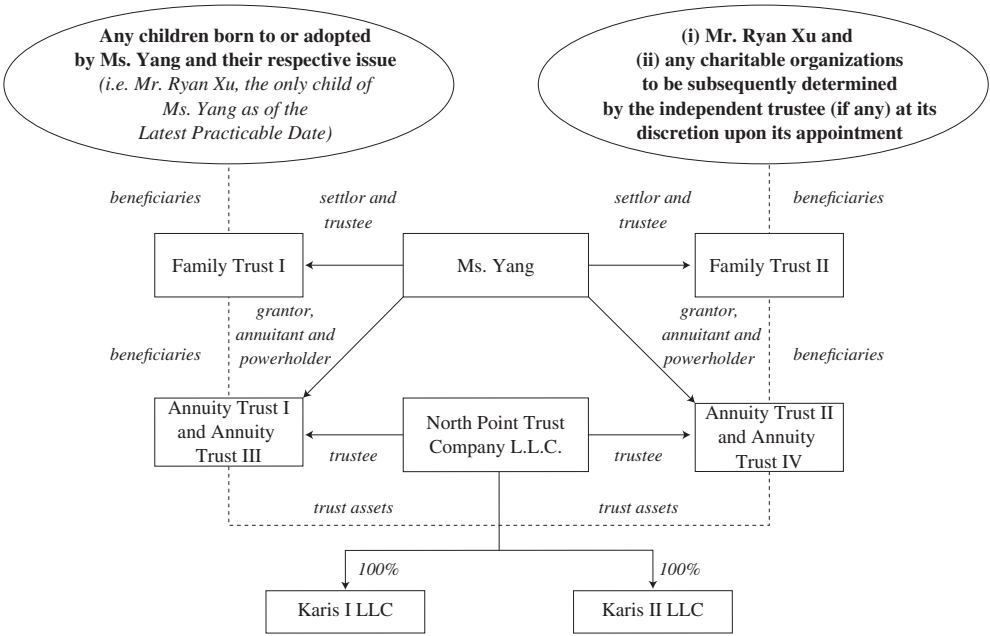
Company be directed or redirected back to the Family Trusts (the “**Undertaking Objective**”) by taking the following steps and adopting the following additional annuity trusts arrangements:

- (a) agreeing to immediately transfer, and directing the Annuity Trusts Trustee to directly transfer on behalf of Ms. Yang, any and all of the Fixed Annuities and the Vested Annuity Property in the form of shares or beneficial interests in Karis I LLC, Karis II LLC and/or the Company, membership units to the trustee of one or more additional annuity trusts (the “**Additional Annuity Trusts**”), which Ms. Yang will establish with substantially the same structure and terms of the Annuity Trusts, being Ms. Yang as the grantor, the Annuity Trusts Trustee (or a similar corporate trustee entity) as the trustee and the Family Trusts as the beneficiaries;
- (b) using best endeavors of Ms. Yang to procure that the Annuity Trusts Trustee and the trustees of the Additional Annuity Trusts shall not dispose, sell or transfer any interest in the shares or membership units of Karis I LLC, Karis II LLC and/or the Company to any other party, except for the sole purpose of settling the Fixed Annuities and the Future Fixed Annuities (as defined below) so as to facilitate the termination of the Annuity Trusts and Additional Annuity Trusts in the future, provided always that no disposal or transfer of any interest in the shares or membership units of Karis I LLC, Karis II LLC and/or the Company shall take place before the first (1<sup>st</sup>) anniversary date of the [REDACTED] date; and
- (c) continuously applying the above arrangements to the future distribution of the Fixed Annuities under the Annuity Trusts, and any distribution of the future fixed annuities under the Additional Annuity Trusts (the “**Future Fixed Annuities**”), so as to ensure that the Undertaking Objective is met.



**HISTORY, REORGANIZATION AND CORPORATE STRUCTURE**

Pursuant to the said deed of undertaking, Ms. Yang will also direct all remaining assets of the Annuity Trusts (and any Additional Annuity Trusts) includable in her estate for U.S. estate tax purposes to be distributed to the Family Trusts. Based on the arrangements of the Annuity Trusts, the Family Trusts and the irrevocable undertakings made by Ms. Yang, the Annuity Trusts Trustee and any other subsequent trustees (if any) to be appointed hold the shareholding interests in Karis I LLC and Karis II LLC on trust for the ultimate benefit of the Family Trusts. Ms. Yang, as the powerholder of the Annuity Trusts, has the power to appoint additional trustees and remove and replace the Annuity Trusts Trustee, and as the sole manager of each of Karis I LLC and Karis II LLC, has the authority to make all decisions in relation to them. Set out below is the structures of the Annuity Trusts and the Family Trusts:



As of the Latest Practicable Date, Karis I LLC and Karis II LLC, which held in aggregate 507,551 Shares, were wholly owned by the Annuity Trusts Trustee on trust for the benefit of the Annuity Trusts. For details, please refer to the paragraphs headed “Reorganization—(A) Incorporation of Offshore Investment Holding Companies, our Company, Offshore Subsidiaries and WFOE—Our Company” in this section and the section headed “Relationship with our Controlling Shareholders—Our Controlling Shareholders” in this document.

**(C) Disposal of HL Y**

HL Y was incorporated in Hong Kong with limited liability by Ms. Yang on January 13, 2012 with a share capital of HK\$500,000. Prior to cessation of business in March 2016, HL Y had principally engaged in trading of small home appliances and smart home devices.

In December 2015, Ms. Yang transferred the entire issued share capital of HL Y to Chengdu Xiaodu (the “**2015 Acquisition**”) at the consideration of approximately US\$1.6 million, which was determined with reference to the net assets value of HL Y as at December 31, 2015, which mainly



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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comprised trade and other receivables. Chengdu Xiaodu had not settled the aforesaid consideration which was recorded as an amount due to Ms. Yang. After the 2015 Acquisition, HL Y was wholly owned by Chengdu Xiaodu. As part of our internal structure adjustment, our Group established Yoowo HK as its trading arm in Hong Kong in September 2015, and HL Y had subsequently ceased its business operation since March 2016.

As part of the Reorganization, Chengdu Xiaodu ceased to act as an intermediary investment holding company of our Group for holding the shareholdings in certain offshore entities including HL Y. In order to streamline the structure of our Group, pursuant to the written resolutions of its sole shareholder dated November 11, 2019, Chengdu Xiaodu was applying for the deregistration and was deregistered on July 15, 2020. For details of Chengdu Xiaodu, please refer to “Corporate Development—(c) Ceased Material Subsidiary” in this section. For the purpose of its deregistration, Chengdu Xiaodu had to settle all its outstanding liabilities including the aforesaid amount due to Ms. Yang prior to the deregistration. As such, (i) pursuant to a share transfer agreement dated June 3, 2019, Chengdu Xiaodu transferred the entire issued share capital of HL Y to Mr. Yang Yuzheng (the “**2019 Disposal**”) at the same consideration as the 2015 Acquisition; and (ii) pursuant to a debt offset agreement (債權債務抵消協議) dated June 10, 2019 among Ms. Yang, Mr. Yang Yuzheng (father of Ms. Yang) and Chengdu Xiaodu, the consideration for the 2019 Disposal of US\$1.6 million receivable from Mr. Yang Yuzheng was offset by the consideration for the 2015 Acquisition of US\$1.6 million payable to Ms. Yang. Upon completion of the said transfer, HL Y ceased to be a subsidiary of our Group. A deemed contribution from a controlling shareholder in the amount of approximately US\$1,651,000 was recognized as a result of the aforesaid disposal of HL Y. For details, please refer to note 30 in Appendix I to this document.

Prior to its disposal in June 2019, HL Y was slightly loss making based on its unaudited management accounts for the five months ended 30 May 2019. The aforesaid losses were mainly attributable to the general and administrative expenses which mainly included audit fees, filling of profits tax return fees and company secretary service fees.

Our Directors confirm that HL Y was solvent, and was not involved in any pending or unresolved arbitration or legal proceedings, or had any material non-compliances, immediately prior to its disposal.

### **(D) Acquisition of Shenzhen Chenbei by WFOE**

Pursuant to the equity transfer agreement dated June 28, 2019, the then registered shareholders of Shenzhen Chenbei transferred their respective equity interest in Shenzhen Chenbei, representing the entire equity interest in Shenzhen Chenbei to WFOE at the consideration of RMB15,151,815, RMB13,721,813, RMB377,088, RMB301,042 and RMB301,042, respectively, all of which were determined based on the net assets value of Shenzhen Chenbei. Upon completion of the said transfers on August 26, 2019 and up to the Latest Practicable Date, Shenzhen Chenbei was wholly owned by WFOE.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### (E) Reorganization of the US subsidiaries

#### *L&H Y US*

Pursuant to the share purchase agreement dated September 29, 2019, Chengdu Xiaodu transferred the entire issued share capital of L&H Y US to Arcsync BVI at a consideration of US\$1,111,162.69, which was determined with reference to the acquisition cost of L&H Y US by Chengdu Xiaodu in December 2015, which in turn was based on the then net assets value of L&H Y US. Upon completion of the said transfer and up to the Latest Practicable Date, L&H Y US was wholly owned by Arcsync BVI.

#### *Etekcitey US*

Pursuant to two separate share purchase agreements dated September 29, 2019 and October 11, 2019, Chengdu Xiaodu first transferred the entire issued share capital of Etekcitey US to Arcsync BVI at a consideration of US\$1,016,427.44, and Arcsync BVI subsequently transferred the entire issued share capital of Etekcitey US to L&H Y US at the same consideration. The consideration of each of the aforesaid transfers of US\$1,016,427.44 was determined with reference to the acquisition cost of Etekcitey US by Chengdu Xiaodu in December 2015, which in turn was based on the then net assets value of Etekcitey US.

Upon completion of the said transfers and up to the Latest Practicable Date, Etekcitey US was wholly owned by L&H Y US.

#### *Atekcitey US*

Pursuant to two separate share purchase agreements dated September 29, 2019 and October 11, 2019, Chengdu Xiaodu first transferred the entire issued share capital of Atekcitey US to Arcsync BVI at a consideration of US\$70,415.87, and Arcsync BVI subsequently transferred the entire issued share capital of Atekcitey US to L&H Y US at the same consideration. The consideration of each of the aforesaid transfers of US\$70,415.87 was determined with reference to the acquisition cost of Atekcitey US by Chengdu Xiaodu in December 2015, which in turn was based on the then net assets value of Atekcitey US.

Upon completion of the said transfers and up to the Latest Practicable Date, Atekcitey US was wholly owned by L&H Y US.

#### *Vesync US*

Pursuant to the share purchase agreement dated January 30, 2020, Etekcitey US transferred the entire issued share capital of Vesync US to Arcsync BVI at a nominal consideration of US\$0.01. Upon completion of the said transfer and up to the Latest Practicable Date, Vesync US was wholly owned by Arcsync BVI.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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**(F) Acquisition of Etekcity Macau from Ms. Jiang Junxiu and Mr. Chen Zhaojun by Ecomine HK and Vitasync BVI**

Pursuant to the transfer agreement dated August 3, 2020, Ms. Jiang Junxiu transferred one share of MOP17,500 in Etekcity Macau, representing 70% of its share capital, to Ecomine HK at a consideration of MOP17,500, and Mr. Chen Zhaojun transferred one share of MOP7,500 in Etekcity Macau, representing 30% of its share capital, to Vitasync BVI at a consideration of MOP7,500. The consideration of each of the aforesaid transfers was determined with reference to the nominal value of the shares in Etekcity Macau. Upon completion of the said transfers on August 3, 2020 and up to the Latest Practicable Date, Etekcity Macau was owned as to 70% and 30% by Ecomine HK and Vitasync BVI, respectively.

**(G) Adoption of the [REDACTED] Share Award Scheme and allotment of Shares to BOCT**

To recognize and reward the contributions of certain eligible employees of our Group and to incentivize them for their future contribution to the continual operation and development of our Group, our Company adopted the [REDACTED] Share Award Scheme on June 16, 2020. Pursuant to a trust deed dated June 16, 2020, our Company, as the settlor, established the Share Award Trust with BOCT, as the trustee, for holding the awarded shares for the benefit of the selected employees (the “**Selected Employee(s)**”) as determined by our Board under the [REDACTED] Share Award Scheme.

On June 22, 2020, for the purpose of the [REDACTED] Share Award Scheme, a total of 52,631 Shares (the “**Awarded Shares**”) were issued and allotted to BOCT, representing approximately 4.9999% of the total issued share capital of our Company upon the [REDACTED] but without taking into account the new Shares to be issued pursuant to the [REDACTED] and approximately 3.7490% of the total issued share capital of our Company immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and taking into no account of the Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme).

Of the 52,631 Awarded Shares, on November 1, 2020, (a) [10,000] Awarded Shares were granted to one Selected Employee, Ms. Jiang Junxiu, a director of Yoowo HK, under the [REDACTED] Share Award Scheme; and (b) in connection with the aforesaid grant, as instructed by our Company, BOCT transferred [10,000] Awarded Shares at par to Gongjin BVI, an investment holding vehicle of Ms. Jiang Junxiu, accordingly. Remaining 42,631 Awarded Shares will be granted to the Selected Employees after the [REDACTED] at full discretion of our Board pursuant to the rules of the [REDACTED] Share Award Scheme.

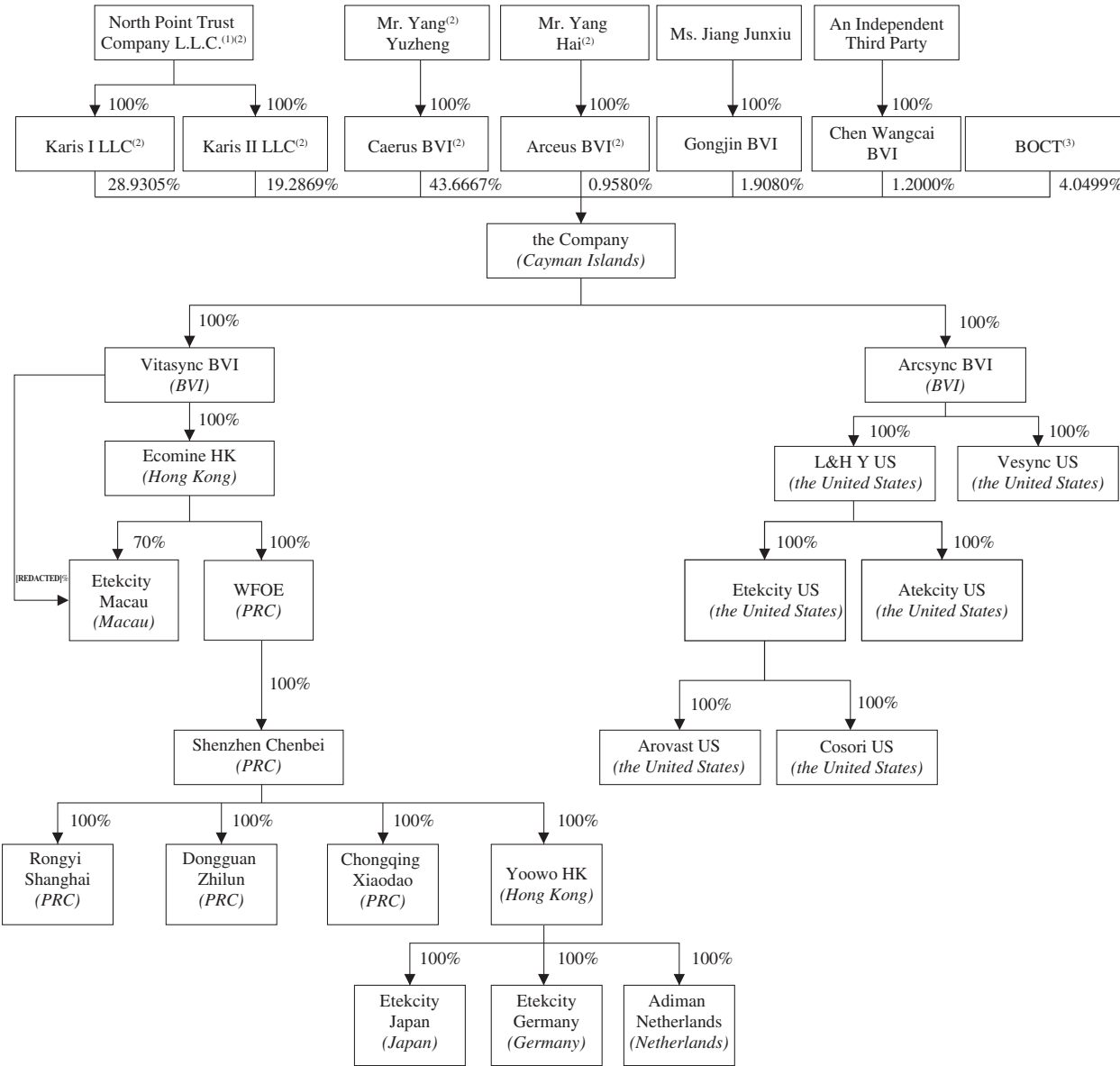
Since no other Awarded Shares have been granted to any employees during the Track Record Period under the [REDACTED] Share Award Scheme save as disclosed above, there is no dilution impact on the financial statements of our Group. Upon the grant of any of the Awarded Shares, the fair value of the Awarded Shares granted to the Selected Employees will be measured at the date of grant and will be recognized as expense in the financial statements of our Group over the vesting period.

**HISTORY, REORGANIZATION AND CORPORATE STRUCTURE**

Other than pursuant to the [REDACTED], and save as disclosed above, no further Shares will be transferred and no new Shares will be issued by our Company for the purpose of the [REDACTED] Share Award Scheme.

For further details of the [REDACTED] Share Award Scheme, please refer to the section headed “Statutory and General Information—D. Other Information—1. [REDACTED] Share Award Scheme” in Appendix IV to this document.

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



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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*Notes:*

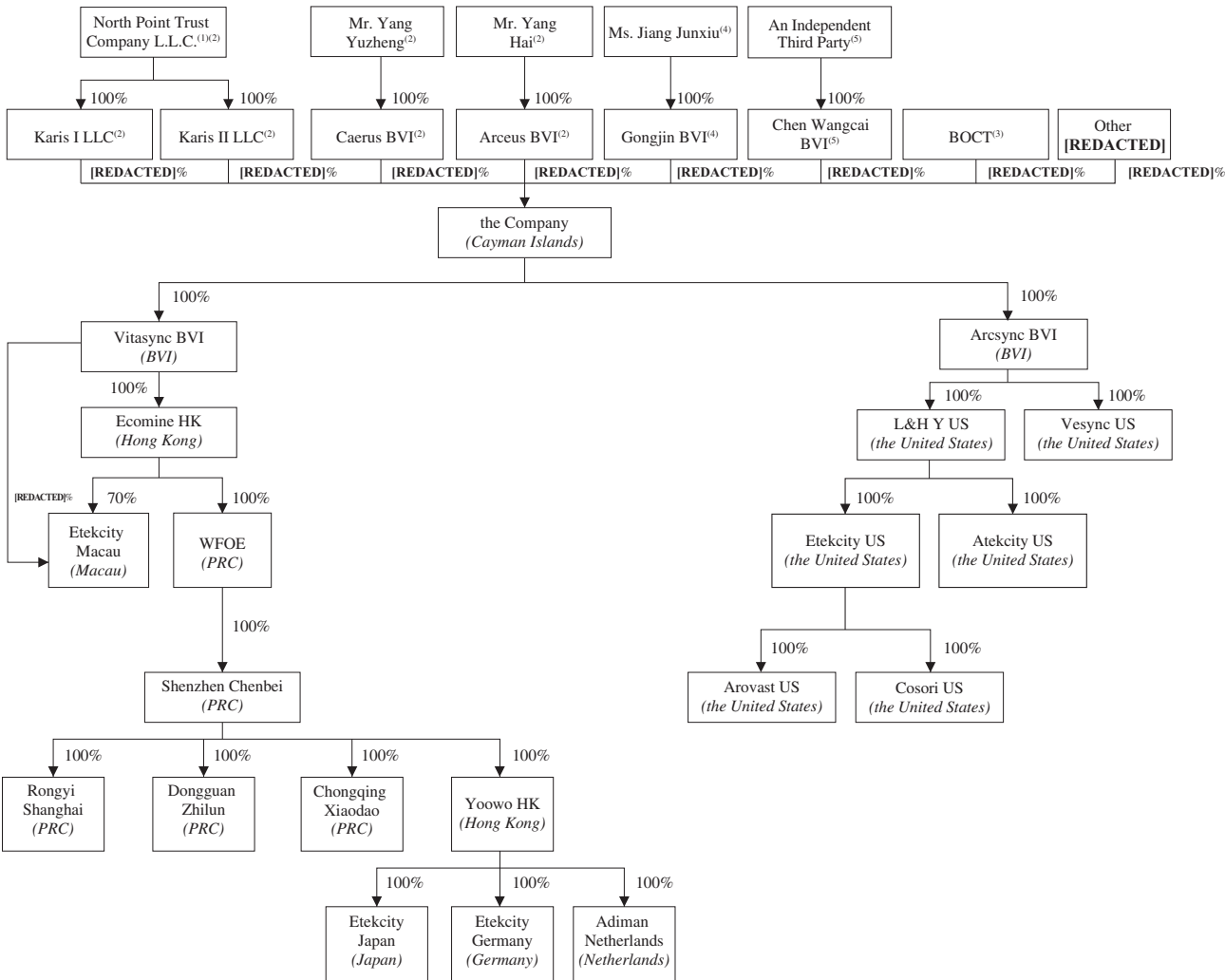
- (1) North Point Trust Company L.L.C., the Annuity Trusts Trustee, established Karis I LLC and Karis II LLC, on trust for the benefit of the Annuity Trusts, which were established by Ms. Yang for the ultimate benefit of the Family Trusts pursuant to certain arrangements, of which Ms. Yang is both the settlor and trustee and Mr. Ryan Xu, being Ms. Yang’s child, is the sole beneficiary as of the Latest Practicable Date. Pursuant to the Annuity Trusts, Ms. Yang, as the powerholder, has the power to appoint additional trustees and remove and replace North Point Trust Company L.L.C., and as the sole manager of Karis I LLC and Karis II LLC, has the authority to make all decisions in relation to them. Ms. Yang is deemed to be interested in both Karis I LLC and Karis II LLC, and hence the Shares held by them.
- (2) Ms. Yang, Mr. Yang Yuzheng, Mr. Yang Hai, Karis I LLC, Karis II LLC, Caerus BVI, Arceus BVI and North Point Trust Company L.L.C. are regarded as a group of Controlling Shareholders. For detail of the Controlling Shareholders, please refer to the section headed “Relationship with our Controlling Shareholders” in this document.
- (3) BOCT, as the trustee of the Share Award Trust, holds the relevant Shares, being the awarded shares (as defined under the rules of the [REDACTED] Share Award Scheme), on trust for the benefit of the selected employees pursuant to the rules of the [REDACTED] Share Award Scheme and the Trust Deed. For details, please refer to the paragraphs headed “Reorganization—(G) Adoption of the [REDACTED] Share Award Scheme and allotment of Shares to BOCT” in this section and the section headed “Statutory and General Information—D. Other Information—1. [REDACTED] Share Award Scheme” in Appendix IV to this document.

### [REDACTED] AND [REDACTED]

Conditional upon the creation of our Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], our Directors are authorized to capitalize an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards paying up in full at par a total of [REDACTED] Shares for allotment and issue to the then existing Shareholders.

**HISTORY, REORGANIZATION AND CORPORATE STRUCTURE**

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the [REDACTED] and the [REDACTED], assuming the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme:



Notes:

- (1) North Point Trust Company L.L.C., the Annuity Trusts Trustee, established Karis I LLC and Karis II LLC, on trust for the benefit of the Annuity Trusts, which were established by Ms. Yang for the ultimate benefit of the Family Trusts pursuant to certain arrangements, of which Ms. Yang is both the settlor and trustee and Mr. Ryan Xu, being Ms. Yang’s child, is the sole beneficiary as of the Latest Practicable Date. Pursuant to the Annuity Trusts, Ms. Yang, as the powerholder, has the power to appoint additional trustees and remove and replace North Point Trust Company L.L.C., and as the sole manager of Karis I LLC and Karis II LLC, has the authority to make all decisions in relation to them. Ms. Yang is deemed to be interested in both Karis I LLC and Karis II LLC, and hence the Shares held by them.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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- (2) Ms. Yang, Mr. Yang Yuzheng, Mr. Yang Hai, Karis I LLC, Karis II LLC, Caerus BVI, Arceus BVI and North Point Trust Company L.L.C. are regarded as a group of Controlling Shareholders. For detail of the Controlling Shareholders, please refer to the section headed “Relationship with our Controlling Shareholders” in this document.
- (3) BOCT, as trustee of the Share Award Trust, holds the relevant Shares, being the awarded shares (as defined under the rules of the [REDACTED] Share Award Scheme), on trust for the benefit of the selected employees pursuant to the rules of the [REDACTED] Share Award Scheme and the Trust Deed. For details, please refer to the paragraphs headed “Reorganization—(G) Adoption of the [REDACTED] Share Award Scheme and allotment of Shares to BOCT” in this section and the section headed “Statutory and General Information—D. Other Information—1. [REDACTED] Share Award Scheme” in Appendix IV to this document. The Shares held by BOCT will not be counted towards public float for the purpose of Rules 8.08 of the Listing Rules.
- (4) As of the Latest Practicable Date, Ms. Jiang Junxiu is a director of Yoowo HK and hence a Connected Person at subsidiary level of our Company within the meaning of the Listing Rules. The Shares held by Gongjin BVI will therefore not be counted towards public float for the purpose of Rule 8.24 of the Listing Rules.
- (5) The Shares held by Chen Wangcai BVI will be counted towards public float after the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules.

### LEGAL COMPLIANCE

Our PRC Legal Advisers have confirmed that the Reorganization in relation to the equity interest transfers in respect of our PRC subsidiaries as described above had been conducted in compliance with applicable PRC laws and regulations and had been legally completed and duly registered with local registration authorities of the PRC.

After consulting with our legal advisers of the relevant jurisdictions, and taking into account their views, we believe that all share transfers in relation to the Reorganization as mentioned above have been duly authorized, legally and properly completed, and do not contravene the articles of incorporation of the relevant subsidiaries of our Group.

### M&A Rules

According to the “Provisions on the Takeover of Domestic Enterprises by Foreign Investors” (關於外國投資者併購境內企業的規定) (the “**M&A Rules**”) jointly issued by the Ministry of Commerce of PRC (中華人民共和國商務部) (the “**MOFCOM**”), the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the State Administration of Taxation (國家稅務總局), the China Securities Regulatory Commission (中國證券監督管理委員會) (the “**CSRC**”), State Administration for Industry and Commerce (國家工商行政管理總局) and the State Administration of Foreign Exchange (國家外匯管理局) (the “**SAFE**”) on August 8, 2006 and effective as of September 8, 2006 and subsequently amended on June 22, 2009, where a domestic natural person intends to take over its/his/her related domestic company in the name of an offshore company which it/he/she lawfully established or controls, the takeover shall be subject to the examination and approval of MOFCOM; and where a domestic natural person holds an equity interest in a domestic company through an offshore special purpose company, any transaction involving the overseas [REDACTED] of that special purpose company shall be subject to approval by the CSRC.



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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At the time of the acquisition of the equity interest in Shenzhen Chenbei by WFOE, WFOE was indirectly wholly owned by North Point Trust Company L.L.C.. For details of the Annuity Trusts and the Family Trusts, please refer to the paragraphs headed “Reorganization—(B) Establishment of the Annuity Trusts and the Family Trusts” in this section. As of the Latest Practicable Date, the sole beneficiary of the Family Trusts is Mr. Ryan Xu, the son of Ms. Yang. Mr. Ryan Xu is a citizen of the United States and is not a domestic resident as defined under the M&A Rules. Hence, such acquisition was not subject to the approval of the MOFCOM.

On the aforesaid basis, our PRC Legal Advisers advised that, unless new laws and regulations are enacted, or MOFCOM and CSRC have new provisions or interpretations on the M&A Rules in the future, such acquisition and the application by our Company for the issuance and [REDACTED] of its shares on the Stock Exchange is not subject to the approval from the MOFCOM or the CSRC under the M&A Rules.

### SAFE REGISTRATION IN THE PRC

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on July 14, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division.

Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties. Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Director Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular No. 13**”), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

Accordingly, as advised by our PRC Legal Advisers, each of Mr. Yang Yuzheng, Mr. Yang Hai and Ms. Jiang Junxiu has completed the registration under the SAFE Circular No. 13 and the SAFE Circular No. 37.