
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2011 when our founder, Mr. Hua, and our co-founder, Mr. Wang, established Zhejiang Zibuyu and engaged in e-commerce business. Our Company was incorporated in the Cayman Islands on August 6, 2018 as an exempted company with limited liability, following which we implemented a series of corporate restructurings and our Company became the holding company of our current business. We are now one of the largest cross-border e-commerce companies in China focusing on the sale of apparel and footwear products through third-party e-commerce platforms.

For details of our business development and corporate restructurings, see “– Our Milestones” and “– Reorganization” below.

OUR MILESTONES

The following table sets forth the business milestones of our Group:

Year	Major Development and Milestones
2011	Zhejiang Zibuyu, a principal subsidiary of our Company, was established in Hangzhou, the PRC.
2012	We opened our Youchu flagship store on Tmall and ranked top ten among women’s apparel products sold through Tmall in terms of weekly transaction volume.
2014	We registered our first online store on Amazon and fully transformed our business into cross-border e-commerce business.
2015	We opened online stores on Wish, primarily engaging in the sale of apparel products.
2016	We were awarded the Best Cross-Border E-commerce Brand Award by Hangzhou Municipal People’s Government, the Department of Commerce of Zhejiang Province and Zhejiang Daily Press Group for the first time in 2016 and received the same award annually from 2017 to 2021.
2017	Our self-developed information technology systems, including ERP and SCM systems, were built and launched to support substantially all aspects of our operations.
2018	We recorded a GMV of over RMB1 billion from all of our sales channels and we started to engage in the self-operated online stores business through Xingzezhi Subsidiaries.
2019	Our self-operated online stores business grew rapidly and recorded a GMV of over RMB100 million.
2020	We recorded a GMV of over RMB2 billion and ranked first in terms of GMV generated from North America among all platform-based sellers in China’s cross-border e-commerce export B2C apparel and footwear market.

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OUR CORPORATE DEVELOPMENT

(i) Early Development

Our history can be traced back to 2011 when our founder, Mr. Hua, and our co-founder, Mr. Wang, established Zhejiang Zibuyu and engaged in e-commerce business. Zhejiang Zibuyu is the onshore holding company of our subsidiaries prior to the Reorganization. At the time of its establishment, Zhejiang Zibuyu had a registered capital of RMB300,000 and was held by Mr. Hua and Mr. Wang as to 90% and 10%, respectively. After a series of capital increases and internal shareholding restructuring and on May 10, 2017, Zhejiang Zibuyu had a registered capital of RMB12,813,580 and was held by Ningbo Ruyu, Ningbo Bingfeng, Mr. Hua and Mr. Wang as to approximately 45.37%, 31.22%, 23.18% and 0.23%, respectively. Both Ningbo Ruyu and Ningbo Bingfeng were wholly owned by Mr. Hua and his spouse, Ms. Yu.

(ii) Introduction of Employee Shareholders

We provided incentives to our employees and consultants by offering them an opportunity to acquire a proprietary interest in Zhejiang Zibuyu. Since 2017, three limited partnerships, namely Ningbo Tongmingyun, Ningbo Ruizhou and Ningbo Gongqiju, all of which are owned by our employees and consultants, became the shareholders of Zhejiang Zibuyu by contributing a registered capital of RMB8,438,655, RMB575,759 and RMB562,006, respectively. After such capital contributions and on February 5, 2018, Zhejiang Zibuyu had a registered capital of RMB22,360,000 and was held by Ningbo Ruyu, Ningbo Tongmingyun, Ningbo Bingfeng, Ningbo Ruizhou and Ningbo Gongqiju as to approximately 39.28%, 37.74%, 17.89%, 2.58% and 2.51%, respectively. For more details of Ningbo Tongmingyun, Ningbo Ruizhou and Ningbo Gongqiju, see corporate structure of our Group immediately prior to the Reorganization as set out in “– Reorganization.”

(iii) Investment by Financial Investor

On March 15, 2018, Ningbo Tongmingyun and Ningbo Zhongyao entered into an equity transfer agreement, pursuant to which Ningbo Zhongyao agreed to purchase, and Ningbo Tongmingyun agreed to sell, 3% equity interest in Zhejiang Zibuyu at a consideration of RMB39,000,000. For details, please see “– [REDACTED] Investments.” After such equity transfer, Zhejiang Zibuyu was held by Ningbo Ruyu, Ningbo Tongmingyun, Ningbo Bingfeng, Ningbo Zhongyao, Ningbo Ruizhou and Ningbo Gongqiju as to approximately 39.28%, 34.74%, 17.89%, 3.00%, 2.58% and 2.51%, respectively.

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OUR PRINCIPAL OPERATING SUBSIDIARIES

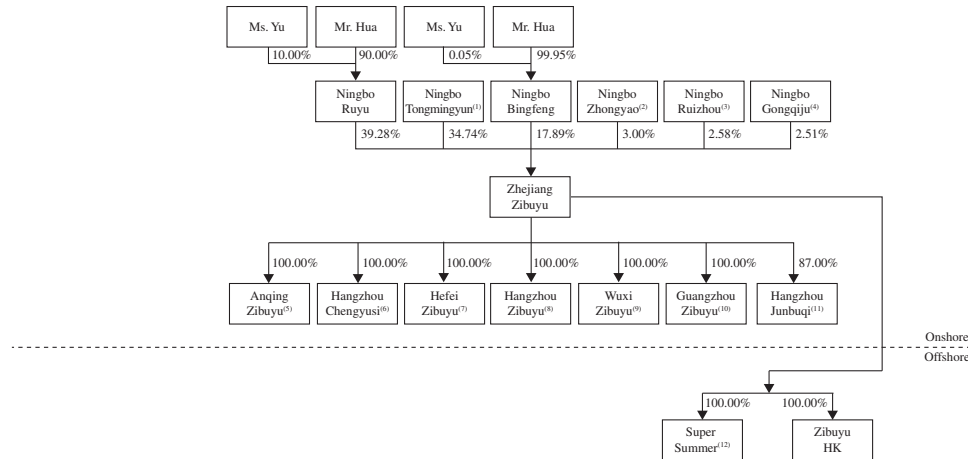
The date of establishment and commencement of business and principal business activities of each member of our Group that made a material contribution to our results of operations during the Track Record Period are set forth below:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Date of establishment</u>	<u>Date of commencement of business</u>	<u>Principal business activities</u>
Zhejiang Zibuyu	Hangzhou, Zhejiang Province, the PRC	April 20, 2011	April 20, 2011	Technical support and operation of website
Zibuyu HK	Hong Kong	September 19, 2016	June 12, 2017	Operation of online stores on third party e-commerce platforms, procurement and sale of products
Hangzhou Zibuyu	Hangzhou, Zhejiang Province, the PRC	August 29, 2017	September 12, 2017	Warehousing, freight forwarding, supply chain management services, design and R&D
Xingzezhi HK	Hong Kong	November 1, 2018	December 28, 2018	Operation of self-operated online stores, procurement and sale of products
Hangzhou Xingzezhi	Hangzhou, Zhejiang Province, the PRC	November 20, 2018	December 6, 2018	Technical support and operation of website
Huzhou Zibuyu	Huzhou, Zhejiang Province, the PRC	December 10, 2020	December 17, 2020	Warehousing, freight forwarding and supply chain management services

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REORGANIZATION

In order to optimize our corporate structure and to more readily access the international capital markets, we underwent a corporate reorganization in preparation for the [REDACTED]. Set out below is the corporate structure of our Group immediately prior to the Reorganization:



Notes:

- (1) Immediately prior to the Reorganization, Ningbo Tongmingyun was held by 13 individuals, including Mr. Hua (0.03%), the general partner and our Director, Ms. Yu (7.36%), the spouse of Mr. Hua, Mr. Wang (22.79%), Mr. Wang Weiping (16.57%), Mr. Dong Zhenguo (14.69%) and Mr. Xu Shijian (2.30%), our executive Directors, Ms. Hua Hui (6.12%), our non-executive Director and the sister of Mr. Hua, Mr. Yang Xinmin (2.27%), our former Director, Mr. Yu Hegui (0.36%), a member of our senior management, Mr. Wang Bin (11.03%), a former director of our certain subsidiaries, Ms. Rao Xingxing (7.87%), the spouse of Mr. Wang, Mr. Sun Liutao (0.89%), formerly a member of our management, and Mr. Ding Peng (7.72%), a consultant of our Group who has extensive experience in the logistics business and assisted our Group to select and negotiate with logistics service provider.
- (2) Ningbo Zhongyao is one of our [REDACTED] Investors. Immediately prior to the Reorganization, Ningbo Zhongyao was held as to 0.01% by the general partner, Mr. Fang Guojian, and as to an aggregate of 99.9% by four individual limited partners, namely Mr. Fang Rongyue (60%), Mr. Chen Yong (30%), Mr. Qiu Jinghua (7.5%) and Mr. Hu Zhenhai (2.49%), who are all Independent Third Parties. For details, please see “– [REDACTED] Investments.”
- (3) Immediately prior to the Reorganization, Ningbo Ruizhou was held as to 8.26% by the general partner, Mr. Li Min, and as to an aggregate of 91.74% by 27 individual limited partners, who are all Independent Third Parties except that (i) Mr. Wang Shichen is the brother of Mr. Wang, (ii) Mr. Yu Benhe is the brother of Ms. Yu and (iii) Mr. Shi Weiwei is the cousin of Mr. Hua. All of the shareholders of Ningbo Ruizhou are our employees.
- (4) Immediately prior to the Reorganization, Ningbo Gongqiju was held as to 21.06% by the general partner, Mr. Cheng Bing, who is a member of our senior management and the cousin of Mr. Wang Weiping, and as to an aggregated of 78.94% by 30 individual limited partners who are all Independent Third Parties except that (i) Mr. Cheng Wu is the cousin of Mr. Wang Weiping, and (ii) Mr. Yu Pengcheng is the cousin of Mr. Hua. All of the shareholders of Ningbo Gongqiju are our employees except that Mr. Fan Zugen is a consultant of our Group who engaged in foreign trade and fabric business and provided valuable insights to our Group regarding cross-border transactions and the selection of fabric manufacturer.
- (5) Anqing Zibuyu is a limited liability company established in the PRC on April 24, 2018.
- (6) Hangzhou Chengyusi is a limited liability company established in the PRC on May 23, 2018.
- (7) Hefei Zibuyu is a limited liability company established in the PRC on August 23, 2017 and was deregistered on August 21, 2019. For details, please see “– Reorganization – Onshore Reorganization – (iii) Deregistration or Disposal of Non-operating Subsidiaries and Branch – a. Subsidiaries and branch deregistered.”

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- (8) Hangzhou Zibuyu is a limited liability company established in the PRC on August 29, 2017.
- (9) Wuxi Zibuyu is a limited liability company established in the PRC on June 28, 2017 and was deregistered on May 31, 2021. For details, please see “– Reorganization – Onshore Reorganization – (iii) Deregistration or Disposal of Non-operating Subsidiaries and Branch – a. Subsidiaries and branch deregistered.”
- (10) Guangzhou Zibuyu is a limited liability company established in the PRC on October 16, 2017.
- (11) Hangzhou Junbuqi is a limited liability company established in the PRC on August 25, 2017. Immediately prior to the Reorganization, the remaining 13% equity interest in Hangzhou Junbuqi was held by Ms. Pei Xinhong as to 7%, and by each of Mr. Hua, Mr. Yang Xinmin, Mr. Dong Zhenguo, Mr. Zuo Xiang, Ms. Hua Hui and Mr. Wang Shichen as to 1%. After a series of shareholding restructuring, Hangzhou Junbuqi became a wholly-owned subsidiary of Zhejiang Zibuyu on August 27, 2018.
- (12) Super Summer was incorporated on September 29, 2016 and was disposed of to an Independent Third Party in July 2019. For further details, please see “– Offshore Reorganization – (v) Acquisition and Subsequent Disposal of Super Summer.”

Offshore Reorganization

(i) *Incorporation of Our Company and Offshore Subsidiaries*

On August 6, 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. The initial authorized share capital of our Company was US\$50,000 divided into 5,000,000 Shares of US\$0.01 par value each. Upon incorporation, one Share was allotted and issued at par value to our initial subscriber. On the even date, our initial subscriber transferred its one Share to Mr. Hua at par value.

On August 21, 2018, Zibuyu BVI was incorporated in the BVI with 50,000 authorized shares of US\$1.00 par value each. On the same day, one share was allotted and issued to our Company at par value and Zibuyu BVI became a wholly-owned subsidiary of our Company.

(ii) *Incorporation of Offshore Holding Companies*

In August and September 2018, the ultimate beneficial owners of Zhejiang Zibuyu incorporated the following companies as their offshore holding companies:

<u>Company name</u>	<u>Date of incorporation</u>	<u>Shareholders</u>	<u>Ultimate beneficial owner</u>	<u>Number of shares</u>	<u>Approximate shareholding percentage</u>
TMY ONE	September 10, 2018	Gfxtmyun	Mr. Hua	3,053	61.06%
		Xringirl	Mr. Wang and Ms. Rao Xingxing	611	12.22%
		Hyufeng	Ms. Yu	372	7.44%
		Also Jun	Mr. Wang Weiping	330	6.60%
		Alitti	Mr. Dong Zhenguo	293	5.86%
		Rocubabe	Mr. Wang Bin	220	4.40%
		Virtual Particle	Ms. Hua Hui	121	2.42%
		Total			5,000

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Company name	Date of incorporation	Shareholders	Ultimate beneficial owner	Number of shares	Approximate shareholding percentage
TMY TWO	September 10, 2018	Dingpeng Limited	Mr. Ding Peng	2,331	46.62%
		Greenxin	Mr. Xu Shijian	695	13.90%
		Gpxxxx	Mr. Yang Xinmin	684	13.68%
		Dealmylover Limited	Mr. Wang Shichen	606	12.12%
		Yu Honor Limited	Mr. Sun Liutao	269	5.38%
		Zxinzhuo Limited	Ms. Zhang Guoying	194	3.88%
		Faiovefar Limited	Mr. Zuo Xiang	169	3.38%
		Myhaha Limited	Mr. Mao Shiqi	52	1.04%
		Total			5,000
TMY THREE	August 31, 2018		Mr. Cheng Bing	656	13.12%
			Mr. Yu Pengcheng	609	12.18%
			Mr. Fan Zugen	277	5.54%
			Mr. Yu Benhe	258	5.16%
			Mr. Shi Weiwei	110	2.20%
			Mr. Yu Hegui	157	3.14%
			Mr. Cheng Wu	49	0.98%
			Other individual shareholders ⁽¹⁾	2,884	57.68%
Total			5,000	100%	
Zhongyao BVI	September 3, 2018		Mr. Fang Rongyue	3,000	60.00%
			Mr. Chen Yong	1,500	30.00%
			Mr. Qiu Jinghua	375	7.50%
			Mr. Hu Zhenhai	124	2.48%
			Mr. Fang Guojian	1	0.02%
Total			5,000	100%	

Note:

(1) The remaining shares of TMY THREE were held by the then 49 employees of our Group.

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(iii) Allotment and Issuance of Shares

On October 15, 2018, our Company allotted and issued 872,049, 57,546, 40,404 and 30,000 Shares to TMY ONE, TMY TWO, TMY THREE and Zhongyao BVI, respectively. On the even date, one share that previously allocated and issued to Mr. Hua was transferred to TMY ONE.

On August 1, 2019, our Company further allotted and issued 825,776, 60,834, 83,390 and 30,000 Shares to TMY ONE, TMY TWO, TMY THREE and Zhongyao BVI, respectively. Upon completion of the share allotment and issuance, the shareholding structure of our Company is set forth below:

<u>Shareholder</u>	<u>Number of Shares held</u>	<u>Approximate shareholding percentage</u>
TMY ONE	1,697,826	84.89%
TMY TWO	118,380	5.92%
TMY THREE	123,794	6.19%
Zhongyao BVI	60,000	3.00%
Total	<u>2,000,000</u>	<u>100%</u>

(iv) Acquisition of Zibuyu HK

On October 30, 2018, Zibuyu BVI acquired the entire share capital of Zibuyu HK from Zhejiang Zibuyu at a consideration of RMB1.85 million, which was determined with reference to the unaudited net assets value of Zibuyu HK and was fully settled on December 13, 2018. Upon completion of the acquisition, Zibuyu HK became a wholly-owned subsidiary of Zibuyu BVI.

(v) Acquisition and Subsequent Disposal of Super Summer

On November 30, 2018, in order to streamline and optimize the shareholding structure of our Group, Zibuyu BVI acquired the entire share capital of Super Summer from Zhejiang Zibuyu at a consideration of US\$10,000, which was determined with reference to the initial investment made by Zhejiang Zibuyu and was fully settled on December 28, 2018. Upon completion of the acquisition, Super Summer became a wholly-owned subsidiary of Zibuyu BVI.

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Super Summer was incorporated solely for the purpose of registering online stores on the platform of Walmart. At the time of the incorporation of Super Summer, Walmart used to only accept companies incorporated in the U.S. to be registered as the beneficial owner of the online stores. The aforesaid registration requirement was abolished subsequently and as a result, the PRC companies were allowed to be registered as the beneficial owner of the online stores. Therefore, the Group could register online stores on the platform of Walmart through its PRC subsidiaries with no necessity to manage or maintain an U.S. entity at a high cost. In addition, as our sale on the online platform of Walmart was insignificant and we focused our operations on sale through online stores on Amazon, on July 9, 2019, Zibuyu BVI entered into a purchase of business agreement with Mr. Li Fubin (李付彬), an Independent Third Party, pursuant to which Zibuyu BVI transferred the entire share capital of Super Summer to Mr. Li Fubin at a consideration of US\$10,000. Such consideration was determined with reference to the unaudited net asset value of Super Summer immediately prior to its disposal and was fully settled on December 27, 2019.

Mr. Li Fubin is a former employee of our Group who terminated his employment with our Group in May 2019. Save as disclosed in this document, to their best knowledge after making all reasonable enquiries, our Directors are not aware of any other past or present relationship (family, business, employment, financing, trust or shareholding) between Mr. Li Fubin and our Company, subsidiaries, Shareholders, Directors or senior management or any of their respective associates.

Our Directors confirm that Super Summer had been in compliance with all applicable laws and regulations in the U.S. in all material aspects prior to such disposal.

(vi) Establishment of Family Trusts and Internal Shareholding Restructuring of Our Company

For succession and estate planning purpose, Mr. Hua, Ms. Yu, Mr. Wang and Ms. Rao Xingxing, Mr. Wang Weiping and Mr. Dong Zhengu, as the settlors and appointers, have established their respective family trusts and transferred all of their shares in their offshore holding companies to the nominee companies of their respective family trust at nil consideration. Cantrust (Far East) Limited acts as the trustee for each family trust. Pursuant to the relevant trust deeds, the trustee may be removed and replaced at the sole discretion of the appointer, who is in turn nominated by the settlor. In addition, the trustee may only exercise its powers with prior written consent of the appointer with respect to certain matters, which include, among others, voting and investment power as to the shares under the trust properties, the appointment and removal of and distribution to eligible beneficiaries, transfer of trust fund to eligible trusts and variation of trust deed. For further details of the family trusts and their shareholding structure in our Company, please see “– Corporate Structure – Corporate Structure before the [REDACTED].”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

To further streamline and optimize the shareholding structure of our Group, on March 24, 2021, (i) TMY ONE transferred an aggregate of 662,840 Shares to Xringirl, Alitti, Also Jun, Hyufeng, Rocubabe and Virtual Particle, all being the shareholders of TMY ONE which surrendered their shares in TMY ONE on the same day, at nil consideration, and (ii) TMY TWO transferred an aggregate of 33,742 Shares to Greenxin and Gpxxxx, both being the shareholders of TMY TWO which surrender their shares in TMY TWO on the same day, at nil consideration. Upon completion, the shareholding structure of our Company is set out as below.

Shareholders	Number of Shares held	Approximate shareholding percentage
TMY ONE	1,034,986	51.75%
Xringirl	212,964	10.65%
TMY THREE	123,794	6.19%
Also Jun	115,128	5.76%
Hyufeng	110,000	5.50%
Alitti	102,088	5.10%
TMY TWO	84,638	4.23%
Rocubabe	76,630	3.83%
Zhongyao BVI	60,000	3.00%
Virtual Particle	46,030	2.30%
Gpxxxx	17,742	0.89%
Greenxin	16,000	0.80%
Total	2,000,000	100%

On March 25, 2021, Mr. Fang Guojian, Mr. Hu Zhenhai and Mr. Qiu Jinghua transferred an aggregate of 3,000 shares, representing 10% of the total issued share capital of Zhongyao BVI, to Mr. Chen Yong at a total consideration of RMB711,000, which was determined after arm’s length negotiation. Upon completion, Zhongyao BVI was held by Mr. Chen Yong and Mr. Fang Rongyue as to 40% and 60%, respectively.

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(vii) Corporate Restructuring in relation to Xingzezhi Subsidiaries

a. Incorporation of Xingzezhi Subsidiaries

On September 26, 2018, Xingzezhi Cayman was incorporated in the Cayman Islands as an exempted company with limited liability. After a series of internal shareholding restructuring and prior to the acquisition of Xingzezhi Subsidiaries by Zibuyu BVI, Xingzezhi Cayman was held by the following shareholders:

<u>Shareholders</u>	<u>Ultimate beneficial owner</u>	<u>Number of shares held</u>	<u>Approximate shareholding percentage</u>
Gfxtmyun	Mr. Hua	6,650	66.50%
Alitti	Mr. Dong Zhenguo	1,165	11.65%
Xringirl	Mr. Wang and Ms. Rao Xingxing	665	6.65%
Also Jun	Mr. Wang Weiping	665	6.65%
Rocubabe	Mr. Wang Bin	285	2.85%
Greenxin	Mr. Xu Shijian	95	0.95%
Gpxxxx	Mr. Yang Xinmin	95	0.95%
Zxinzhuo Limited	Ms. Zhang Guoying	95	0.95%
Myhaha Limited	Mr. Mao Shiqi	95	0.95%
Dealmylover Limited	Mr. Wang Shichen	95	0.95%
Faiovefar Limited	Mr. Zuo Xiang	95	0.95%
Total		<u>10,000</u>	<u>100%</u>

Later, Xingzezhi BVI, Xingzezhi HK and Hangzhou Xingzezhi were established, details of which are set out below:

<u>Name of company</u>	<u>Date of establishment</u>	<u>Shareholder</u>	<u>Shareholding percentage</u>	<u>Principal business activities</u>
Xingzezhi BVI	October 16, 2018	Xingzezhi Cayman	100%	Investment holding
Xingzezhi HK	November 1, 2018	Xingzezhi BVI	100%	Operation of self-operated online stores, procurement and sale of products
Hangzhou Xingzezhi	November 20, 2018	Xingzezhi HK	100%	Technical support and operation of website

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b. Acquisition of Xingzezhi Subsidiaries by Zibuyu BVI

With a view to further develop our self-operated online stores business, in 2020, our Shareholders and the shareholders of Xingzezhi Cayman decided to include Xingzezhi Subsidiaries into our Group as part of the Reorganization. On December 28, 2020, Zibuyu BVI and Xingzezhi Cayman entered into a sale and purchase agreement, pursuant to which Zibuyu BVI purchased the entire issued share capital of Xingzezhi BVI at a consideration of RMB6,250,000, which was determined with reference to the net asset value of Xingzezhi Subsidiaries according to a valuation report issued by an independent professional valuer as of December 31, 2020 and was fully settled on June 17, 2021. Upon the completion of the acquisition in 2020, Xingzezhi BVI became a wholly-owned subsidiary of Zibuyu BVI, and thus Xingzezhi Subsidiaries became wholly-owned subsidiaries of our Company.

As Xingzezhi Subsidiaries are controlled by Mr. Hua, the ultimate Controlling Shareholder of our Group, both before and after the acquisition of Xingzezhi Subsidiaries, such acquisition was considered as a business combination under common control. For details, please see Note 1.3 to the Appendix I of the document. As such, the financial information of Xingzezhi Subsidiaries was consolidated into the financial information of our Group since the beginning of the Track Record Period.

(viii) [REDACTED] Investments

On May 24 and May 25, 2021, Calor Capital entered into a share transfer agreement and an investment agreement, respectively, pursuant to which Calor Capital acquired 50,000 ordinary Shares from the existing Shareholders of our Company at a consideration of USD10,000,000 and subscribed for 44,000 preferred Shares at a consideration of USD11,000,000. On May 28, 2021, Aloe Tower entered into an investment agreement, pursuant to which Aloe Tower subscribed for 20,000 preferred Shares at a consideration of USD5,000,000. For details, please see “– [REDACTED] Investments” and the section headed “Appendix IV – Statutory and General Information – B. Further Information About Our Business – 1. Summary of material contracts.”

(ix) Share Subdivision and Increase of Authorized Share Capital

On September 16, 2022, the authorized share capital of our Company was subdivided from US\$50,000 divided into 5,000,000 Shares with a par value of US\$0.01 each to US\$50,000 divided into 1,000,000,000 Shares with a par value of US\$0.00005 each. On the same day, the authorized share capital of our Company was further increased to US\$100,000 divided into 2,000,000,000 Shares with a par value of US\$0.00005 each.

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Onshore Reorganization

(i) Capital Increase of Zhejiang Zibuyu

On November 12, 2018, Ningbo Ruyu, Ningbo Tongmingyun, Ningbo Zhongyao, Ningbo Bingfeng, Ningbo Ruizhou and Ningbo Gongqiju entered into a capital increase agreement with Ms. Liu Lian (劉戀), an Independent Third Party, pursuant to which Ms. Liu Lian subscribed a registered capital of RMB240,000 in Zhejiang Zibuyu at a consideration of RMB268,000. Such consideration was determined with reference to the net assets value of Zhejiang Zibuyu as of October 31, 2018 as appraised by an independent professional valuer and was fully settled on December 10, 2018. Upon completion of such capital increase, the registered capital of Zhejiang Zibuyu was increased to RMB22,600,000 and Zhejiang Zibuyu was held by Ningbo Ruyu, Ningbo Tongmingyun, Ningbo Bingfeng, Ningbo Zhongyao, Ningbo Ruizhou, Ningbo Gongqiju and Ms. Liu Lian as to approximately 38.87%, 34.37%, 17.70%, 2.97%, 2.55%, 2.49% and 1.06%, respectively.

(ii) Acquisition by Zibuyu HK

On December 14, 2018, Ningbo Ruyu, Ningbo Tongmingyun, Ningbo Zhongyao, Ningbo Bingfeng, Ningbo Ruizhou, Ningbo Gongqiju and Ms. Liu Lian entered into an equity transfer agreement, pursuant to which Zibuyu HK acquired the entire equity interest in Zhejiang Zibuyu at a total consideration of RMB28,000,000, which was determined with reference to the net assets value of Zhejiang Zibuyu as of October 31, 2018 according to a valuation report issued by an independent professional valuer. Such consideration was fully settled on September 3, 2019. Upon completion, Zhejiang Zibuyu became a wholly-owned subsidiary of Zibuyu HK.

Ms. Liu Lian is a non-domestic natural person and was not connected with our Group before her subscription of 1.06% equity interest in Zhejiang Zibuyu. Upon completion of her subscription, Zhejiang Zibuyu was converted into a Sino-foreign joint venture, and then Zibuyu HK acquired the entire equity interest in Zhejiang Zibuyu in compliance with applicable PRC laws and regulations, during which Ms. Liu Lian transferred her 1.06% equity interest in Zhejiang Zibuyu to Zibuyu HK and voluntarily exited our Group. As advised by our PRC Legal Advisors, no PRC laws or regulations prohibit or restrict Ms. Liu Lian from divesting her investment within a short period of time. As such, our PRC Legal Advisors are of the view that Ms. Liu Lian’s subscription and subsequent transfer of equity interest in Zhejiang Zibuyu (i) had been completed in compliance with applicable PRC laws and regulations, (ii) would not constitute a circumvention of relevant PRC laws including the M&A Rules, and (iii) would not expose our Group to material legal risk. For further details, please see “– PRC Regulatory Requirements – M&A Rules” below.

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(iii) *Deregistration or Disposal of Non-operating Subsidiaries and Branch*

In order to optimize our Group’s business and shareholding structure, we disposed of or deregistered certain subsidiaries and branch of our Group. Set out below are the details of such deregistration or disposal:

a. *Subsidiaries and branch deregistered*

<u>Name of subsidiaries and branches</u>	<u>Deregistration date</u>	<u>Reasons for deregistration</u>
Hangzhou Branch of Zhejiang Zibuyu	July 23, 2019	Hangzhou Branch of Zhejiang Zibuyu has not commenced any business operations except for leasing a property from an Independent Third Party. It was deregistered as we no longer need such property.
Hefei Zibuyu	August 21, 2019	Hefei Zibuyu was established for the purpose of operating the leased warehouse in Hefei and was deregistered as such warehouse ceased to operate.
Nanchang Zibuyu ⁽¹⁾	May 19, 2021	Nanchang Zibuyu has not commenced any business operation and the Group currently has no plan to establish any business presence in Nanchang.
Wuxi Zibuyu	May 31, 2021	Wuxi Zibuyu was established for the purpose of operating the leased warehouse in Wuxi and was deregistered as such warehouse ceased to operate.

Note:

(1) Nanchang Zibuyu was established in Nanchang, the PRC on October 27, 2020.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

b. Subsidiaries disposed of

<u>Name of subsidiaries</u>	<u>Date of disposal</u>	<u>Transferee</u>	<u>Equity interest originally held by our Group</u>	<u>Equity interest disposed of</u>	<u>Reasons for disposal</u>	<u>Consideration⁽⁴⁾</u>
Hangzhou Qingruxu ⁽¹⁾	February 9, 2021	Mr. Zuo Xiang and Ms. Wang Ning ⁽²⁾	80%	80%	Hangzhou Qingruxu had not commenced any business operation prior to the disposal and its intended business is not consistent with the Group’s business development plans ⁽³⁾ .	Nil
Hangzhou Modengxian ⁽⁵⁾	February 3, 2021	Mr. Yang Xinmin ⁽⁶⁾	80%	80%	Hangzhou Modengxian had not commenced any business operation prior to the disposal and its intended business is not consistent with the Group’s business development plans ⁽⁷⁾ .	Nil

Notes:

- (1) Hangzhou Qingruxu is a limited liability company established in the PRC on March 26, 2020. Immediately prior to the disposal of Hangzhou Qingruxu, Mr. Zuo Xiang and Ms. Zhao Lijuan, both of whom are former employees of our Group and Independent Third Parties, held 19% and 1% equity interest of Hangzhou Qingruxu, respectively. On February 9, 2021, Ms. Zhao Lijuan transferred 1% equity interest of Hangzhou Qingruxu to Mr. Zuo Xiang.
- (2) Ms. Wang Ning is an employee of our Group and an Independent Third Party.
- (3) Following the disposal, to the best knowledge of our Directors, Mr. Zuo Xiang has been operating Hangzhou Qingruxu to be a B2B export trading company focusing on personal care and home textiles products.
- (4) Prior to the disposal, both Hangzhou Qingruxu and Hangzhou Modengxian had not commenced any business operations and had no assets or paid-up registered capital, and therefore were transferred at nil consideration.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (5) Hangzhou Modengxian is a limited liability company established in the PRC on April 1, 2020. Immediately prior to the disposal of Hangzhou Modengxian, Mr. Yang Xinmin held 20% equity interest in Hangzhou Modengxian.
- (6) Mr. Yang Xinmin is a former employee and Director of our Company who terminated his employment with our Group and resigned his directorship in our Company in December 2020 in order to devote more time to starting his own business. He has not held any position in our Group since then and the filing of change of Director of our Company was completed on June 7, 2021. Mr. Yang Xinmin confirmed that he had no disagreement with the Board and there was no other matters in respect of his resignation that need to be brought to the attention of our Shareholders.
- (7) Following the disposal, to the best knowledge of our Directors, Mr. Yang Xinmin has been operating Hangzhou Modengxian to be a B2B export trading company focusing on home textiles products.

(iv) Acquisition of Authorizing Companies

We normally operate a number of seller stores on each third-party e-commerce platform to sell our products, which is in line with the industry norm as advised by Frost & Sullivan, and during the Track Record Period, certain seller stores we operated were stores registered under companies owned by our employees and their family members and friends. Please see the section headed “Business – Our Business Process – Seller Store Management” for further details. In order to enhance the management and control of these seller stores, during the period from March to June 2021, we acquired 294 companies of such nature (the “**Authorizing Companies**”) from our employees or their family members and friends at nominal or nil consideration as these Authorizing Companies had no assets or any paid-up registered capital. The aggregate nominal consideration we paid for the above-mentioned acquisitions was RMB299. Such companies were established solely for the purpose of holding relevant seller accounts for our Group without engaging in any other business operation. Upon completion of such series of acquisitions, the Authorizing Companies we acquired became wholly-owned subsidiaries of our Group.

As the Authorizing Companies (i) did not have substantial operation, and (ii) were established solely for the purpose of registration of seller store accounts, they were not able to generate revenue independently. Therefore, the Authorizing Companies were not qualified as business under IFRS 3 and IFRS 3 is not applicable in relation to the acquisition of the Authorizing Companies. Considering the nature of seller store accounts, our Group referred to IAS 38 “Intangible Assets” for the accounting treatment of such acquisitions. Based on the works performed, the Reporting Accountant is not aware of any significant issue that will affect the overall truth and fairness of the historical financial information of our Group during the Track Record Period.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED] INVESTMENTS

We underwent several rounds of [REDACTED] Investments, the principal terms of which are set out below:

Name of the [REDACTED] Investors	Ningbo Zhongyao	Calor Capital	Aloe Tower
Date of relevant agreement with the [REDACTED] Investor	March 15, 2018	May 24 and May 25, 2021	May 28, 2021
Date on which the consideration was fully settled	March 28, 2018	May 25, 2021	May 31, 2021
Amount of the relevant [REDACTED] investment	RMB39,000,000 ⁽¹⁾	US\$21,000,000 ⁽¹⁾	US\$5,000,000
Total number of shares under the investment agreement	RMB670,800 ⁽²⁾	50,000 ordinary Shares and 44,000 preferred Shares ⁽³⁾	20,000 preferred Shares ⁽³⁾
Shareholding percentage in our Company upon completion of the Capitalization Issue and the [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]%	[REDACTED]%	[REDACTED]%
Cost per share paid by the investors ⁽⁴⁾	HK\$[REDACTED]	HK\$[REDACTED] for each ordinary Share; HK\$[REDACTED] for each preferred Share	HK\$[REDACTED]
Discount to the [REDACTED] ⁽⁵⁾	[REDACTED]%	[REDACTED]% with respect to each ordinary Share; [REDACTED]% with respect to each preferred Share	[REDACTED]%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of the [REDACTED] Investors	Ningbo Zhongyao	Calor Capital	Aloe Tower
Basis of consideration	The consideration was determined after arm’s length negotiation between the parties with reference to our estimated revenue of approximately RMB1,200 million for the year ended December 31, 2018.	The consideration was determined based on arm’s length negotiation between the parties, and with respect to the purchase of 50,000 ordinary Shares, taking reference to the pre-money valuation of US\$400 million of our Group, and with respect to the subscription of 44,000 preferred Shares, taking reference to the post-money valuation of US\$511 million of our Group.	The consideration was determined based on arm’s length negotiation between the parties with reference to the post-money valuation of US\$516 million of our Group.
Use of [REDACTED] from the [REDACTED] Investments	We utilized the [REDACTED] we received from the [REDACTED] Investments for the development and operation of our Group as well as for general working capital purposes. As of the Latest Practicable Date, approximately 0.03% of the [REDACTED] received by us from the [REDACTED] Investments had not been utilized.		
Lock-up	The Shares held by the [REDACTED] Investors are subject to a lock-up period of six months upon [REDACTED].		
Strategic benefits of the investors brought to our Company	At the time of the [REDACTED] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the [REDACTED] Investors and their investment demonstrates their confidence in the operation of our Group and serves as an endorsement of our Company’s performance, strength and prospects.		

Notes:

- (1) For the [REDACTED] Investment made by Ningbo Zhongyao, RMB39,000,000 were paid to Ningbo Tongmingyun for the acquisition of 3% equity interest in Zhejiang Zibuyu. For the [REDACTED] Investment made by Calor Capital, US\$3,600,000, US\$3,200,000 and US\$3,200,000 were paid to our existing Shareholders, namely Xringirl, Also Jun and Alitti, respectively, for the acquisition of 50,000 ordinary Shares of our Company, while the remaining US\$11,000,000 was paid to our Company for the subscription of 44,000 preferred Shares.
- (2) Ningbo Zhongyao invested in our Group by acquisition of the registered capital of Zhejiang Zibuyu.
- (3) All the preferred Shares held by the [REDACTED] Investors will be converted into ordinary Shares on a 1:1 basis upon [REDACTED].
- (4) The cost per Share paid by the [REDACTED] Investors was calculated based on the amount of investment made by the relevant [REDACTED] Investors and number of Shares allotted to them upon completion of the Capitalization Issue and the [REDACTED] (assuming the [REDACTED] is not exercised).
- (5) Assuming the [REDACTED] is fixed at HK\$[REDACTED], being the mid-point of the indicative [REDACTED].

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Special Rights

In connection with the [REDACTED] Investment made by Ningbo Zhongyao, no special rights were granted to it for its investment in our Group.

In connection with the [REDACTED] Investment made by Calor Capital and Aloe Tower, certain special rights were granted to them in relation to the preferred Shares they purchased, including, among others, the information rights, pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, redemption rights and liquidation preference rights. Redemption rights were also granted to Calor Capital in relation to the ordinary Shares it purchased. The redemption rights granted to the [REDACTED] Investors with respect to any Shares of our Company were automatically terminated immediately prior to the filing of the application for the [REDACTED]. All other special rights will be automatically terminated upon the [REDACTED].

Public Float

None of the [REDACTED] Investors (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to take instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it. Therefore, the Shares held by the [REDACTED] Investors will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED].

Information about [REDACTED] Investors

Ningbo Zhongyao

Ningbo Zhongyao is a limited partnership established solely for the purpose of investing in our Group which, at the time of its [REDACTED] Investment, was held by Mr. Fang Rongyue, Mr. Chen Yong, Mr. Qiu Jinghua, Mr. Hu Zhenhai and Mr. Fang Guojian as to 60%, 30%, 7.5%, 2.49% and 0.01%, respectively, all of whom were Independent Third Parties and individual financial investors. During the Reorganization, Mr. Qiu Jinghua, Mr. Hu Zhenhai and Mr. Fang Guojian transferred all of their interests in our Group to Mr. Chen Yong. Upon completion, Zhongyao BVI, the offshore company which holds Ningbo Zhongyao’s interest in our Company after the Reorganization, was held by Mr. Chen Yong and Mr. Fang Rongyue as to 40% and 60%, respectively. For details, see “– Reorganization – Offshore Reorganization – (vi) Establishment of Family Trusts and Internal Shareholding Restructuring of our Company.” Ningbo Zhongyao was introduced to our Group through Mr. Ding Peng, one of the shareholders of TMY TWO.

Mr. Chen Yong is an individual investor with decades of investment experience. He served as the vice chairman of the board of director and president of Zhejiang Fuyue Holding Group Co., Ltd. (浙江富越控股集團有限公司) from 2004 to 2013 and has, since 2014, been the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

chairman of the board of director and president of Zhejiang Xinfuyue Investment Co., Ltd. (浙江新富越投資有限公司), an investment holding company ultimately wholly-owned by Mr. Chen Yong. He primarily focused on investment opportunities in property development and cultural industries with asset under management of approximately RMB841 million. His investment portfolios include, among others, Zhejiang Fuyue Real Estate Group Co., Ltd. (浙江富越房地產集團有限公司), Yiwu Sentian Real Estate Development Co., Ltd. (義烏市森恬房地產開發有限公司) and Shanghai Meiriful (Group) Co., Ltd. (上海美麗華(集團)有限公司).

Mr. Fang Rongyue is an individual investor with decades of investment experience. He has been the chairman of the board of directors of Jingwei Zhongyao Holding Group Co., Ltd. (經緯中耀控股集團有限公司), an investment holding company ultimately controlled by Mr. Fang Rongyue, since January 2000. His investments cover various business sectors, including mining, logistics, materials, technology, property development and management, etc. With investments size of approximately RMB131 million, the investment portfolios of Mr. Fang Rongyue include, among others, Anhui Baiyu Mining Co., Ltd. (安徽白玉礦業有限公司), Wanmeitong Pipe Industry (Hangzhou) Co., Ltd. (萬美通管業(杭州)股份有限公司), Anhui Bangwei Logistics Co., Ltd. (安徽邦威物流有限公司) and Heilongjiang Rand Ultrasound Technology Co., Ltd. (黑龍江蘭德超聲科技股份有限公司).

Calor Capital

Calor Capital is a BVI business company incorporated under the laws of the BVI on May 21, 2021 as a special purpose vehicle established solely for investing in our Group and was wholly-owned by Calor Capital USD Fund I LP, which is ultimately controlled by Ms. YANG YING, an Independent Third Party. Calor Capital USD Fund I LP is a USD fund primarily engaging in private equity investment specializing in consumer markets, and is managed by Mr. Zhang Sijian (張思堅), the spouse of Ms. YANG YING. Calor Capital was introduced to our Group through a friend of Mr. Hua.

Ms. YANG YING is an entrepreneur dedicated in the development of the life science sector in the PRC. She is the founder of Tengquan Life Technology (China) Co., Ltd. (騰泉生命科技(中國)有限公司) and Quaxin Quanyi (Shanghai) Life Technology Co., Ltd. (泉心泉意(上海)生命科技有限公司). Mr. Zhang Sijian has over 21 years of experience in private equity investment. He consecutively worked at the investment banking division of Deutsche Bank, Doughty Hanson in London and Baring Private Equity Asia in Hong Kong and Shanghai. He joined Sequoia Capital China in 2007 and subsequently served as its managing director until 2014. With asset under management of approximately US\$100 million and RMB360 million, Mr. Zhang Sijian focused on investment in consumer markets. His investment portfolios include, among others, Shanghai Ziyen Foods Co., Ltd. (上海紫燕食品股份有限公司) and Heli Markets Inc. (貴州合力惠民民生超市股份有限公司).

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Aloe Tower

Aloe Tower is a BVI business company incorporated under the laws of the British Virgin Islands on March 10, 2021 as a special purpose vehicle established solely for investing in our Group. An investment decision committee composed of five individuals who are Independent Third Parties controls the decision-making power of Astrapto Capital Partners Limited (“**Astrapto Capital**”) which in turn controls Aloe Tower. Astrapto Capital’s share capital is held more than 30% by an individual who is a Hong Kong resident and an Independent Third Party with over 25 years of experience in international finance and direct investments in China, focusing on the sectors of TMT, renewable energy, application software and financial institutions. Save as disclosed above, none of the other shareholders held more than 30% of the total share capital of Astrapto Capital.

Astrapto Capital is a private equity fund with an investment focus on growth companies in Greater China and North Asia covering business sectors of lifestyle and wellness, media and entertainment, cleantech and technology. Astrapto Capital has more than five investments in its portfolios, each of which ranges from US\$1.4 million to US\$7 million.

Save as disclosed in this document, as of the Latest Practicable Date, to their best knowledge after making all reasonable enquiries, our Directors were not aware of any other past or present relationships (business, employment, family or financing) between each of the [REDACTED] Investors and our Company, subsidiaries, Shareholders, Directors or senior management or any of their respective associates.

Compliance with Interim Guidance and Guidance Letters

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

CAPITALIZATION ISSUE

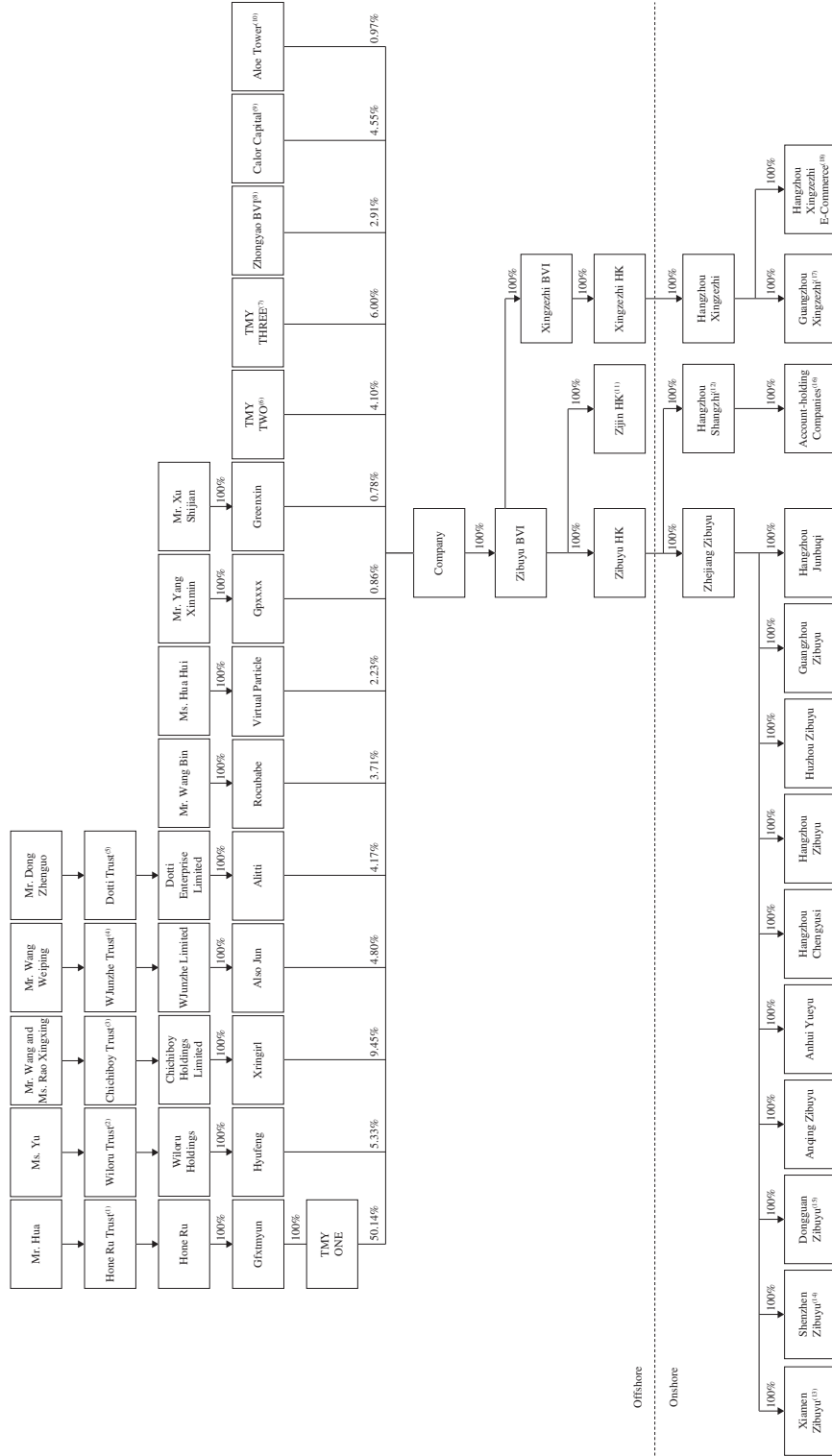
Subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the [REDACTED] pursuant to the [REDACTED], our Directors shall be authorized to allot and issue a total of [REDACTED] Shares credited as fully paid at par value to the Shareholders on the register of members of our Company at the close of business on the date immediately preceding the date on which the [REDACTED] becomes unconditional (or as they may direct) in proportion to their respective shareholdings in the Company (as nearly as possible without fractions) by way of capitalization of the sum of US\$[REDACTED] standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then-existing issued Shares.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure before the [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and the [REDACTED] Investments and before completion of the Capitalization Issue and the [REDACTED]:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) Hone Ru Trust is a discretionary trust set up on January 7, 2020 by Mr. Hua as the settlor and appointor, the beneficiaries of which are Mr. Hua and his issue and the trustee of which is Cantrust (Far East) Limited.
- (2) Wiloru Trust is a discretionary trust set up on April 22, 2020 by Ms. Yu as the settlor and appointor, the beneficiaries of which are Ms. Yu and her issue and the trustee of which is Cantrust (Far East) Limited.
- (3) Chichiboy Trust is a discretionary trust set up on June 10, 2021 by Mr. Wang Shijian and Ms. Rao Xingxing as the settlors and appointors, the beneficiaries of which are Mr. Wang Shijian, Ms. Rao Xingxing and their issue and the trustee of which is Cantrust (Far East) Limited.
- (4) WJunzhe Trust is a discretionary trust set up on June 18, 2021 by Mr. Wang Weiping as the settlor and appointor, the beneficiaries of which are Mr. Wang Weiping and his issue and the trustee of which is Cantrust (Far East) Limited.
- (5) Dotti Trust is a discretionary trust set up on June 10, 2021 by Mr. Dong Zhenguao as the settlor and appointor, the beneficiaries of which are Mr. Dong Zhenguao and his issue and the trustee of which is Cantrust (Far East) Limited.
- (6) Immediately after the Reorganization and the [REDACTED] Investments, TMY TWO was held by Dingpeng Limited (wholly owned by Mr. Ding Peng), Dealmylover Limited (wholly owned by Mr. Wang Shichen), Faiovefar Limited (wholly owned by Mr. Zuo Xiang), Zxinzhuo Limited (wholly owned by Ms. Zhang Guoying) and Myhaha Limited (wholly owned by Mr. Mao Shiqi) as to 63.41%, 16.48%, 9.54%, 5.74% and 4.83%, respectively.
- (7) Immediately after the Reorganization and the [REDACTED] Investments, TMY THREE was held by Mr. Cheng Bing (8.73%) who is a member of our senior management and the cousin of Mr. Wang Weiping, Mr. Yu Hegui (5.12%) who is a member of our senior management, Mr. Yu Benhe (4.05%) who is the brother of Ms. Yu, Mr. Fan Zugen (3.61%) who is our consultant, Mr. Shi Weiwei (3.00%) who is the cousin of Mr. Hua, Mr. Cheng Wu (0.80%) who is the cousin of Mr. Wang Weiping and other 40 individual shareholders (74.69%) who are all our employees and Independent Third Parties with each holding below 9%.
- (8) Zhongyao BVI is one of our [REDACTED] Investors. For details, please see “– [REDACTED] Investments.” Immediately after the Reorganization and the [REDACTED] Investments, Zhongyao BVI was ultimately owned by Mr. Chen Yong and Mr. Fang Rongyue through their respective family trusts, namely YC Family Trust and The FJZ Trust, as to 40% and 60%, respectively. YC Family Trust is a discretionary trust set up on May 26, 2021 by Mr. Chen Yong as the settlor, the beneficiaries of which are Mr. Chen Yong and his family members and the trustee of which is JTC TRUSTEES (BVI) LIMITED. The FJZ Trust is a discretionary trust set up on May 26, 2021 by Mr. Fang Rongyue as the settlor, the beneficiaries of which are Mr. Fang Rongyue and his family members and the trustee of which is JTC TRUSTEES (BVI) LIMITED.
- (9) Calor Capital is one of our [REDACTED] Investors. For details, please see “– [REDACTED] Investments.”
- (10) Aloe Tower is one of our [REDACTED] Investors. For details, please see “– [REDACTED] Investments.”
- (11) Zijin HK was incorporated in Hong Kong with limited liability on November 26, 2018 and has not commenced any business operations as of the Latest Practicable Date.

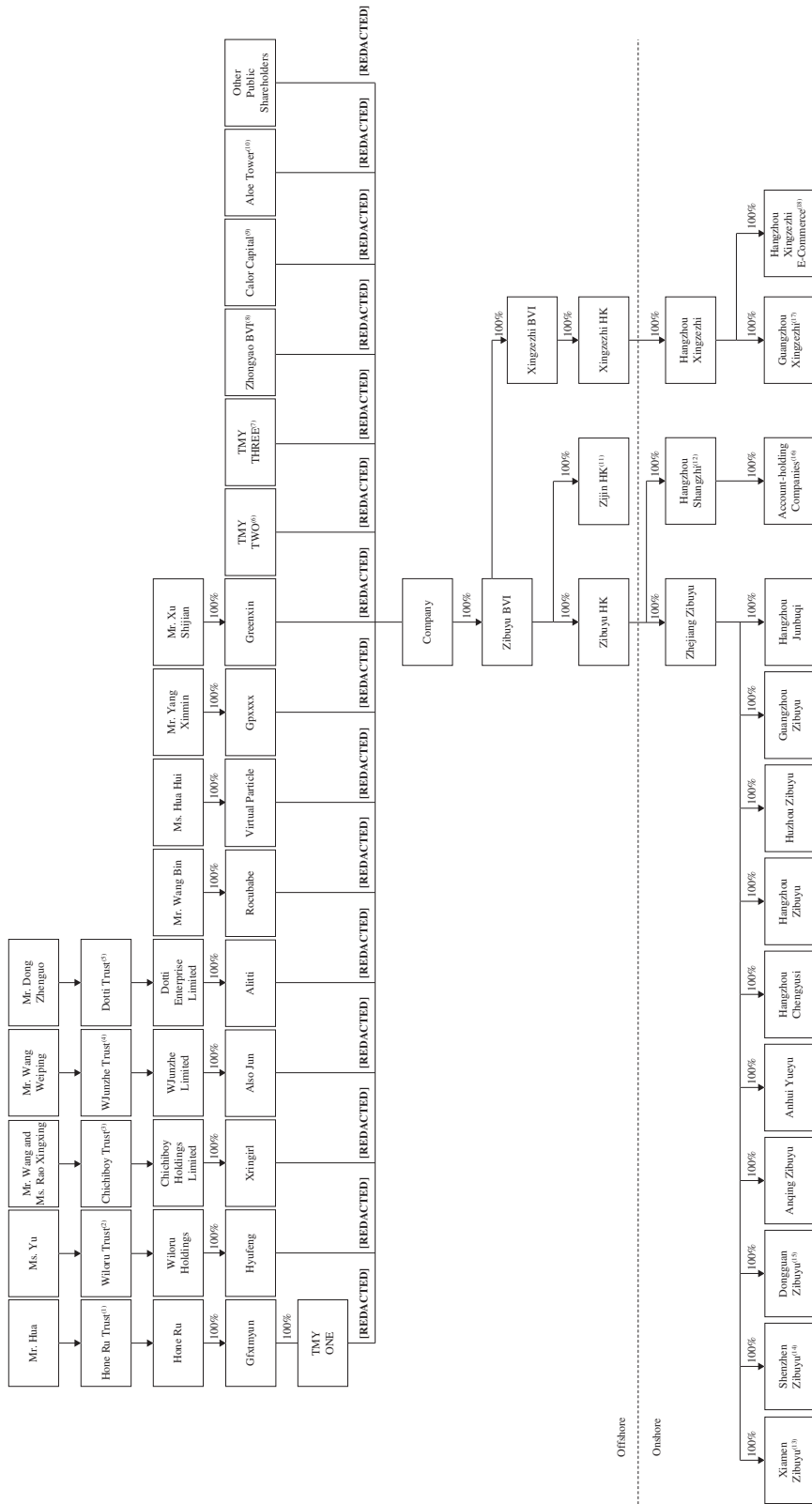
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (12) Hangzhou Shangzhi is a limited liability company established in the PRC on November 20, 2018 with a registered capital of RMB1,000,000 and has not commenced any business operations as of the Latest Practicable Date save as holding the equity interest of our Account-holding Companies.
- (13) Xiamen Zibuyu is a limited liability company established in the PRC on May 17, 2022 with a registered capital of RMB1,000,000.
- (14) Shenzhen Zibuyu is a limited liability company established in the PRC on December 22, 2021 with a registered capital of RMB1,000,000.
- (15) Dongguan Zibuyu is a limited liability company established in the PRC on April 27, 2021 with a registered capital of RMB3,000,000.
- (16) As of the Latest Practicable Date, we had 434 companies which are directly or indirectly wholly owned by Hangzhou Shangzhi, among which 294 companies were Authorizing Companies acquired by our Group and 140 companies were established by our Group for the purpose of registration and operation of seller stores on the third-party e-commerce platforms (collectively, the “**Account-holding Companies**”).
- (17) Guangzhou Xingzezhi is a limited liability company established in the PRC on July 28, 2021 with a registered capital of RMB1,000,000.
- (18) Hangzhou Xingzezhi E-Commerce is a limited liability company established in the PRC on March 16, 2022 with a registered capital of RMB5,000,000.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate Structure immediately following the [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately following the completion of the Capitalization Issue and the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

(1)-(18) Please refer to the corresponding notes to the chart in “– Corporate Structure – Corporate Structure before the [REDACTED].”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

As advised by our PRC Legal Advisors, all required regulatory approvals in relation to the equity transfers in the PRC and the onshore reorganization as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations. Our PRC Legal Advisors further confirmed that the equity transfers and disposals in the PRC as described above have been properly and legally completed and capital contributions of our PRC subsidiaries have been duly paid in accordance with PRC Laws and their articles of association.

M&A Rules

According to the *Regulations on Merger with and Acquisition 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 MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise. The M&A Rules, among other things, further purport to require that a PRC company which, or a natural person who, through its/his/her established or controlled offshore company, acquires a domestic company which is related to such PRC company or natural person (the “**Affiliated M&A**”), shall be subject to the approval from the MOFCOM. Meanwhile, according to the Foreign Investment Access Management Guidance Manual (外商投資准入管理指引手冊) promulgated by the MOFCOM on December 18, 2008, the M&A Rules shall not apply to the transfer of equity interest in an incorporated foreign-invested enterprise from the domestic shareholder to the foreign investor, no matter whether the domestic shareholder is related to the foreign investor or the foreign investor is an existing shareholder or a new investor. In addition, an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Our PRC Legal Advisors are of the view that (i) at the time when the acquisition of the 1.06% equity interest in Zhejiang Zibuyu by Ms. Liu Lian (the “**First Acquisition**”) took place, Ms. Liu Lian was an Independent Third Party and was not a domestic natural person related to Zhejiang Zibuyu as stipulated under the M&A Rules and thus the First Acquisition does not constitute an Affiliated M&A and is not subject to approval from the MOFCOM under the M&A Rules, and (ii) for the acquisition of the 100% equity interest in Zhejiang Zibuyu by Zibuyu HK (the “**Second Acquisition**”), on the basis that Zhejiang Zibuyu became a foreign-invested enterprise after the First Acquisition, the Second Acquisition was an acquisition of equity interest in a foreign invested enterprise rather than a domestic enterprise as defined in the M&A Rules, and therefore, the Second Acquisition is not subject to the M&A Rules.

Furthermore, the First Acquisition, as a result of which Zhejiang Zibuyu was converted from a domestic company into a foreign-invested enterprise, is subject to the other relevant rules of the M&A Rules, and both the First Acquisition and the Second Acquisition are subject to the then effective *Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises* (《外商投資企業設立及變更備案管理暫行辦法》) (the “**Interim Measures**”). As advised by our PRC Legal Advisors, in compliance with the relevant M&A Rules and the Interim Measures, Zhejiang Zibuyu had obtained (i) following the First Acquisition, the record-filing receipt for the incorporation of foreign-invested enterprises from the Bureau of Commerce of Yuhang District of Hangzhou for the conversion of Zhejiang Zibuyu into a foreign-invested enterprise and the new business license from the Market Supervision Bureau of Yuhang District of Hangzhou for such conversion, and (ii) following the Second Acquisition, the record-filing receipt for the change of particulars of foreign-invested enterprises from the Bureau of Commerce of Yuhang District of Hangzhou and the new business license from the Market Supervision Bureau of Yuhang District of Hangzhou.

Unless new laws and regulations are enacted or the MOFCOM, the CSRC or other government authorities publish new provisions or interpretations on the M&A Rules to the contrary in the future, our PRC Legal Advisors are of the view that our [REDACTED] is not subject to approval from the MOFCOM or the CSRC.

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 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to 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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be subject to penalty and sanction and restricted from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

SAFE Circular 37 was issued to replace the *Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles* (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》). Pursuant to the *Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment* (《國家外匯管理局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 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 under SAFE Circular 37.

As advised by our PRC Legal Advisors, (i) 76 individual beneficial owners who are required to complete the initial registration and (ii) 61 individual beneficial owners who are required to complete the change or the cancellation of registration under SAFE Circular 37 and SAFE Circular 13 have duly completed the foreign exchange registrations in relation to their offshore investments as PRC residents on November 19, 2018 and June 25, 2021, respectively.