
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We principally engage in the sales of refurbished de-commissioned IT devices to, among others, resellers of IT devices, and the provision of device and IT technical subscription services to SMEs in China, as a DLM solution provider. According to CIC, we are the first company in China to have built a DLM business model covering both long-term and short-term subscription period and major phases in device lifecycle. Our Group was founded and managed by Mr. Hu, who has 18 years of extensive experience in the DLM industry. For details of Mr. Hu’s biography, see “Directors and Senior Management” of this document.

KEY MILESTONES

The following sets forth certain key business development milestones of our Group:

Year	Milestone Event
2004	Shenzhen LX was established in November 2004 for carrying out our computer assembly services and sales of second-hand computers business.
2008	We became one of the largest retailers of second-hand computers in the PRC in 2008, according to CIC and expanded our business to IT device subscription and related services.
2013	LX Technology was established in May 2013 for carrying out our device subscription services.
2016	We received the Most Valuable Brand Award of China E-commerce (中國電子商務最具品牌價值獎) issued by China Electronic Commerce Association (中國電子商務協會) and China E-commerce Industry Portal Conference (中國電子商務行業門戶大會) in December 2016.
2017	Shenzhen Lingrui was established in April 2017 for carrying out our device recycling business.
2018	We received the award of Top 20 High-tech High-growth Companies in Shenzhen (深圳高科技高成長20強) issued by Deloitte China (德勤中國) and Shenzhen Chamber of Commerce (深圳市商業聯合會) in 2018. JD Jiangsu became one of LX Technology’s shareholders in 2018 as part of our Series A Investment. We launched our SaaS program through our proprietary software, Bear Butler in 2018.
2019	We established strategic business cooperation relationships with JD.com, Lenovo and HP Inc. in 2019. SME Fund and Tencent Shenzhen became LX Technology’s shareholders in 2019 as part of our Series B and Series C Investments. We received the award of National SME Public Service Demonstration Platform (國家中小企業公共服務示範平台) issued by MIIT in July 2019.

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Year	Milestone Event
2020	<p>We became one of the largest enterprise-focused IT device recycling business providers in the PRC in terms of the number of recycled devices in 2020, according to CIC.</p> <p>JD Jiangsu further increased its shareholding interest in LX Technology in 2020 as part of our Series D-1 Investment.</p> <p>JD.com opened up access to our DLM solutions through its homepage.</p>
2021	<p>HTI and Lenovo Beijing became LX Technology’s shareholders in 2021 as part of our Series D-2 and Series D-3 Investments.</p> <p>We received the award of Top Ten Sustainable Development Partners (十佳可持續發展合作夥伴) issued by JD.com in 2021.</p> <p>We received the award of Specialized and New “Little Giant” Enterprises (專精特新“小巨人”企業) issued by MIIT in July 2021.</p>

OUR MAJOR SUBSIDIARIES

We carry out our business through our operating subsidiaries in the PRC. During the Track Record Period and up to the Latest Practicable Date, we conducted our business activities primarily through the following major operating subsidiaries:

Name of major operating subsidiaries	Place of establishment	Principal business activities	Date of establishment	The Company’s shareholding percentage as of the Latest Practicable Date
LX Technology	PRC	Provision of DLM solutions	May 3, 2013	100.00%
Shenzhen LX	PRC	IT device subscription and IT technology subscription services	November 1, 2004	100.00%
Shenzhen Lingrui	PRC	IT device distribution and recycling businesses	April 17, 2017	100.00%

For more information of Shenzhen LX and Shenzhen Lingrui, see “Appendix IV – Statutory and General Information – A. Further Information about Our Group – 3. Changes in the share capital of our subsidiaries.”

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LX Technology

1. *Establishment and early development*

LX Technology was established in the PRC as a limited liability company on May 3, 2013 with an initial registered capital of RMB10,000,000 and was owned as to 95% by Mr. Hu and 5% by Mr. Tang Youyuan (唐友元) (“**Mr. Tang**”). Pursuant to an equity transfer agreement entered into by Mr. Hu, Mr. He Jingwei (何靜為) (“**Mr. He**”), Mr. Zhuang Hua (張華) (“**Mr. Zhang**”) and Mr. Cao Weijun (曹維軍) (“**Mr. Cao**”) dated November 11, 2015, Mr. Hu respectively transferred 10%, 8% and 3% of the equity interests in LX Technology to Mr. He, Mr. Zhang and Mr. Cao at considerations of RMB1,000,000, RMB800,000 and RMB300,000. The aforesaid considerations were determined based on the then registered capital of LX Technology and fully settled in cash in December 2015. Upon completion of the aforesaid transfers on December 21, 2015, LX Technology was owned as to 74% by Mr. Hu, 10% by Mr. He, 8% by Mr. Zhang, 5% by Mr. Tang and 3% by Mr. Cao. Both Mr. Tang and Mr. He are the regional managers of LX Technology and Mr. Cao is our executive Director. Other than being a shareholder of our Company, Mr. Zhang is an Independent Third Party.

Subsequent to a series of equity transfers and increase in registered capital from January 2016 to March 2018, immediately prior to the Series A Investment (as defined below), LX Technology was owned as to 55% by Mr. Hu, 25% by Shenzhen Hongyang Investment Partnership (LLP) (深圳市泓陽投資合夥企業(有限合夥)) (“**Hongyang Investment**”) and 20% by Shenzhen LX Investment Partnership (LLP) (深圳市凌雄投資合夥企業(有限合夥)) (“**LX Investment**”) with a registered capital of RMB55,000,000.

For the purpose of simplifying the shareholding structure of LX Technology, LX Investment and Hongyang Investment are established as limited liability partnerships in the PRC on November 1, 2017 and November 14, 2017, respectively. Immediately prior to the Reorganization, Mr. Hua Baocheng (“**Mr. Hua**”), an employee of LX Technology, was the sole general partner and held approximately 34.33% of interest in LX Investment. Mr. Hu held approximately 65.67% of interest as limited partner in LX Investment and such interest was reserved for our employee incentive plan. See “Employee Incentive Plans” below for more information.

Immediately prior to the Reorganization, Mr. Hu was the sole general partner and held approximately 5.15% of interest in Hongyang Investment. The remaining limited partnership interests of Hongyang Investment was owned as to approximately 41.32% by Mr. Zhang, 30.25% by Mr. He, 14.62% by Mr. Tang and 8.65% by Mr. Cao.

2. *Series A Investment*

On May 11, 2018, LX Technology, Mr. Hu, Hongyang Investment and LX Investment entered into a capital increase agreement with Shenzhen Dachen Chuangtong Equity Investment Enterprise (LLP) (深圳市達晨創通股權投資企業(有限合夥)) (“**Dachen Chuangtong**”), Ningbo Dachen Chuangyuan Equity Investment Partnership (LLP) (寧波市達

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晨創元股權投資合夥企業(有限合夥) (“**Dachen Chuangyuan**”) and Jiangsu JD Bangneng Investment Management Co., Ltd. (江蘇京東邦能投資管理有限公司) (“**JD Jiangsu**”), pursuant to which Dachen Chuangtong, Dachen Chuangyuan and JD Jiangsu agreed to make a total capital contribution of RMB68,000,000 to LX Technology for subscribing its increased registered capital of RMB12,721,089.

Name of the Pre-[REDACTED] Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)	Date on which the consideration was fully settled in cash
Dachen Chuangtong	7,108,844	38,000,000	May 28, 2018
JD Jiangsu	3,741,497	20,000,000	June 1, 2018
Dachen Chuangyuan	1,870,748	10,000,000	May 30, 2018
Total	12,721,089	68,000,000	–

Further, on December 12, 2018, JD Jiangsu agreed to make an additional capital contribution of RMB18,000,000 to LX Technology for subscribing its increased registered capital of RMB3,367,347 (together with the aforesaid capital increase, collectively the “**Series A Investment**”). The aforesaid consideration was fully settled in cash by JD Jiangsu on February 1, 2019.

3. Series B Investment

On April 16, 2019, LX Technology, Small and Medium Enterprises Development Fund (Shenzhen Nanshan LLP) (中小企業發展基金(深圳南山有限合夥)) (“**SME Fund**”) and Shenzhen Futian District Zhongzhou Tiecheng Start-up Investment Enterprise (LLP) (深圳市福田區中洲鐵城創業投資企業(有限合夥)) (“**Zhongzhou Tiecheng**”) and the then existing shareholders of LX Technology entered into a capital increase agreement, pursuant to which Dachen Chuangtong, SME Fund and Zhongzhou Tiecheng agreed to make a total capital contribution of RMB130,000,000 to LX Technology for subscribing its increased registered capital of RMB15,558,076 (the “**Series B Investment**”).

Name of the Pre-[REDACTED] Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)	Date on which the consideration was fully settled in cash
SME Fund	7,779,038	65,000,000	May 24, 2019
Dachen Chuangtong	4,188,713	35,000,000	June 10, 2019
Zhongzhou Tiecheng	3,590,325	30,000,000	June 3, 2019
Total	15,558,076	130,000,000	–

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4. Series C Investment

On November 26, 2019, LX Technology, Shenzhen Tencent Enterprise Innovation Development Co., Ltd. (深圳市騰訊創業創新發展有限公司) (“**Tencent Shenzhen**”) and the then existing shareholders of LX Technology entered into a capital increase agreement, pursuant to which Tencent Shenzhen agreed to make a capital contribution of RMB20,500,000 to LX Technology for subscribing its increased registered capital of RMB2,221,705 (the “**Series C Investment**”). The aforesaid consideration was fully settled in cash by Tencent Shenzhen on December 5, 2019.

5. Series D-1 Investment

On June 28, 2020, LX Technology, Dongguan Dachen Chuangjing Equity Investment Partnership (LLP) (東莞市達晨創景股權投資合夥企業(有限合夥)) (“**Dachen Chuangjing**”) and the then existing shareholders of LX Technology entered into a capital increase agreement, pursuant to which JD Jiangsu, Dachen Chuangtong and Dachen Chuangjing agreed to make a total capital contribution of RMB160,000,000 to LX Technology for subscribing its increased registered capital of RMB13,672,033 (the “**Series D-1 Investment**”).

Name of the Pre-[REDACTED] Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)	Date on which the consideration was fully settled in cash
JD Jiangsu	8,545,021	100,000,000	July 16, 2020
Dachen Chuangjing	3,418,008	40,000,000	July 3, 2020
Dachen Chuangtong	1,709,004	20,000,000	July 29, 2020
Total	13,672,033	160,000,000	–

6. Series D-2 Investment

On January 16, 2021, LX Technology, Shenzhen High-tech Investment Start-up Investment Co., Ltd. (深圳市高新投創業投資有限公司) (“**HTI**”), Hangzhou Mingcheng Zhihui Phase I Equity Investment Partnership (LLP) (杭州明誠致慧一期股權投資合夥企業(有限合夥)) (“**Hangzhou Mingcheng**”), Shanghai Hesheng Corporate Management Service Centre (LLP) (上海合聖企業管理服務中心(有限合夥)) (“**Hesheng Shanghai**”) and the then existing shareholders of LX Technology entered into a capital increase agreement, pursuant to which HTI, Hangzhou Mingcheng and Hesheng Shanghai agreed to make a total capital contribution of RMB60,000,000 to LX Technology for subscribing its increased registered capital of RMB3,845,260 (the “**Series D-2 Investment**”).

Name of the Pre-[REDACTED] Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)	Date on which the consideration was fully settled in cash
Hangzhou Mingcheng	1,922,630	30,000,000	January 26, 2021
HTI	1,281,753	20,000,000	January 28, 2021
Hesheng Shanghai	640,877	10,000,000	January 19, 2021
Total	3,845,260	60,000,000	–

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7. Series D-3 Investment

On June 28, 2021, LX Technology, Lenovo (Beijing) Limited (聯想(北京)有限公司) (“**Lenovo Beijing**”) and the then existing shareholders of LX Technology entered into a capital increase and equity transfer agreement, pursuant to which Lenovo Beijing agreed to acquire approximately 0.56% and 0.23% of the then equity interest in LX Technology from Mr. Hu and LX Investment, respectively, at an aggregate consideration of RMB11,634,583 and make a capital contribution of RMB5,000,000 to LX Technology for subscribing its increased registered capital of RMB221,636 (the “**Series D-3 Investment**”). The consideration of the Series D-3 Investment was fully settled in cash by Lenovo Beijing on July 22, 2021.

For further details on the investments made by the Pre-[REDACTED] Investors and their background information, see “Pre-[REDACTED] Investments.”

Upon completion of the Series D-3 Investment on July 22, 2021, the registered capital of LX Technology was increased to RMB106,607,146 and LX Technology was owned by the following shareholders:

No.	Name of shareholder of LX Technology	Registered capital (RMB)	Approximate shareholding
1.	Mr. Hu ⁽¹⁾	29,655,565	27.82%
2.	JD Jiangsu	15,653,865	14.68%
3.	Hongyang Investment ⁽¹⁾	13,750,000	12.90%
4.	Dachen Chuangtong	13,006,561	12.20%
5.	LX Investment	10,750,000	10.08%
6.	SME Fund	7,779,038	7.30%
7.	Zhongzhou Tiecheng	3,590,325	3.37%
8.	Dachen Chuangjing	3,418,008	3.21%
9.	Tencent Shenzhen	2,221,705	2.08%
10.	Hangzhou Mingcheng	1,922,630	1.80%
11.	Dachen Chuangyuan	1,870,748	1.75%
12.	HTI	1,281,753	1.20%
13.	Lenovo Beijing	1,066,071	1.00%
14.	Hesheng Shanghai	640,877	0.60%
Total		106,607,146	100.00%

Note:

- (1) Mr. Hu has been the sole general partner of Hongyang Investment since its establishment, who manages the day-to-day affairs and exercise the voting rights of Hongyang Investment. As such, Mr. Hu controlled approximately 40.72% of the voting rights in LX Technology immediately upon completion of the Series D-3 Investment and before the Reorganization.

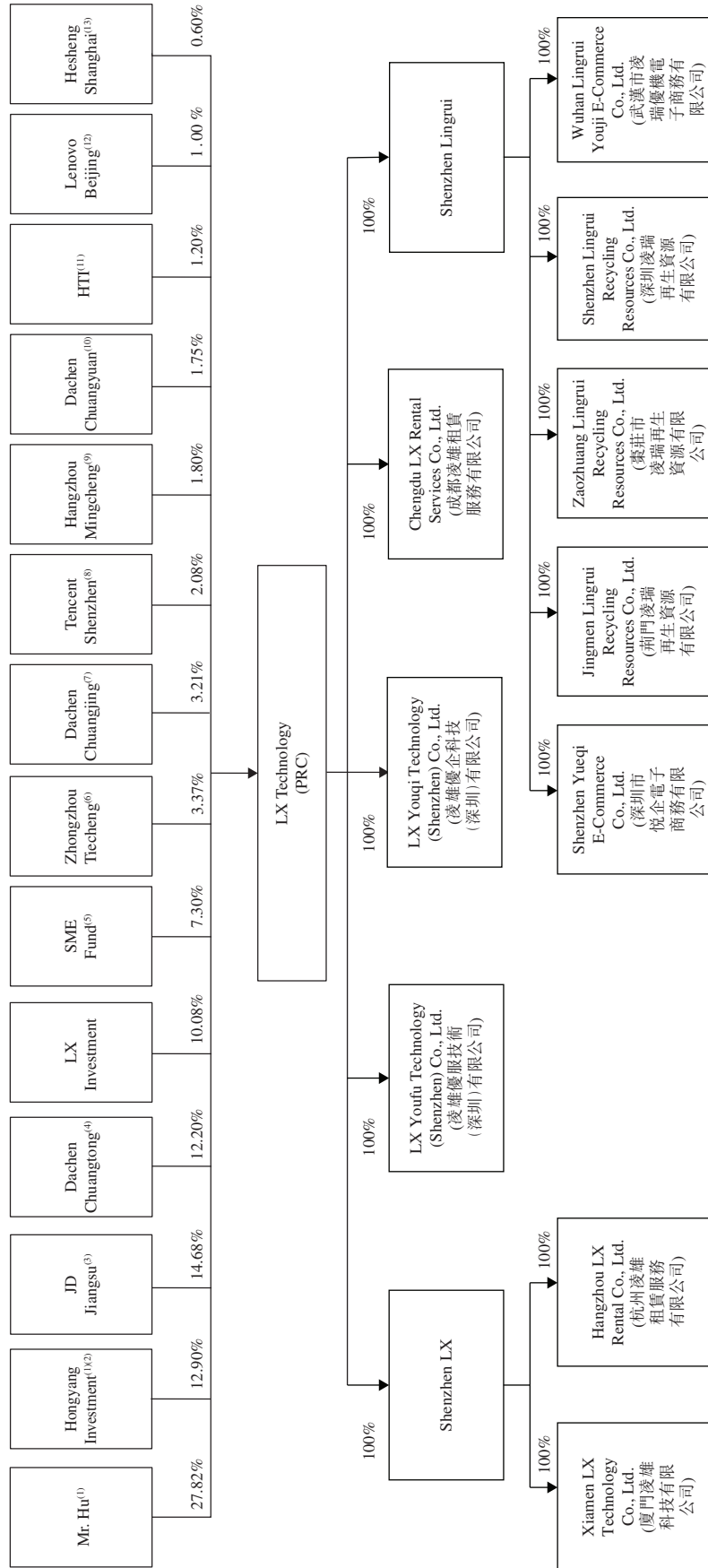
8. Conversion to a sino-foreign joint venture enterprise and acquisition by LX HK

As part of the Reorganization, LX Technology was converted to a sino-foreign joint venture enterprise and subsequently acquired by LX HK. See “Reorganization” below for further details. Upon completion of the aforesaid acquisition and as of the Latest Practicable Date, LX Technology was wholly owned by LX HK and was an indirect wholly-owned subsidiary of our Company.

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REORGANIZATION

The following chart sets forth our corporate structure before the Reorganization:



Notes:

- (1) Immediately prior to the Reorganization, Mr. Hu directly owned 27.82% of the equity interest in LX Technology.
- (2) Mr. Hu has been the sole general partner of Hongyang Investment since its establishment, who manages the day-to-day affairs and exercise the voting rights of Hongyang Investment. As such, Mr. Hu controlled approximately 40.72% of the voting rights in LX Technology immediately before the Reorganization.
- (3)-(13) See “Pre-[REDACTED] Investment – Background information of the Pre-[REDACTED] Investors” below for the detailed background information of each of the Pre-[REDACTED] Investors.

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In preparation for the [REDACTED], the following steps were implemented to establish our Group.

Incorporation of our Company

On January 10, 2022, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. Upon incorporation, the authorized share capital of our Company was HK\$7,600,000 divided into 760,000,000 shares of a par value of HK\$0.01 each, among which one (1) Ordinary Share was allotted and issued at par to an initial subscriber, an Independent Third Party. Such Share was transferred to Bear Family at par on January 10, 2022. On January 19, 2022, 44,777,900 ordinary Shares were allotted and issued to the following Shareholders:

Name of Shareholder	Number of Ordinary Shares	Approximate shareholding
Bear Family ⁽¹⁾	27,817,613	62.12%
Little Bear ⁽²⁾	7,568,442	16.90%
Charlie Bear Technology Limited (“Charlie Bear”) ⁽³⁾	5,329,380	11.90%
Gold Bear Technology Limited (“Gold Bear”) ⁽⁴⁾	3,461,307	7.73%
Trinity Limited (“Hesheng BVI”) ⁽⁵⁾	601,158	1.35%
Total	44,777,900	100.00%

Notes:

- (1) For the purpose of reflecting Mr. Hu’s direct equity interest in LX Technology at the Company level, Bear Family was incorporated in the BVI with limited liability on October 29, 2021, which is wholly-owned by Mr. Hu. 27,817,613 ordinary Shares were allotted and issued, credited as fully paid at par to Bear Family.
- (2) Little Bear was incorporated in the BVI with limited liability on November 5, 2021. It is incorporated to reflect the then equity interests of Hongyang Investment (other than Mr. Zhang’s interest) in LX Technology at the Company level. Little Bear is owned as to 8.78% by Mr. Hu, 51.56% by Mr. He, 24.91% by Mr. Tang and 14.75% by Mr. Cao, among whom Mr. Hu subscribed for the voting shares and the other shareholders subscribed for the non-voting shares. 7,568,442 ordinary Shares were allotted and issued, credited as fully paid at par to Little Bear. The arrangement that Mr. Hu holds voting shares in Little Bear while others hold non-voting shares reflects the fact that both Mr. Tang and Mr. He are the regional managers of LX Technology while Mr. Cao is our executive Director and their interests in Little Bear are primarily for enjoying economic benefits arising from shareholding in the Company. This is consistent with that of Hongyang Investment since its establishment where Mr. Hu has been the sole general partner of Hongyang Investment, as Little Bear is incorporated to reflect the then equity interests of Hongyang Investment (other than Mr. Zhang’s interest) in LX Technology at the Company level.
- (3) Immediately prior to the Reorganization, Mr. Zhang indirectly held approximately 5.33% of the equity interest in LX Technology via Hongyang Investment (“Mr. Zhang’s Interest”). Charlie Bear was incorporated in the BVI with limited liability on November 5, 2021, which is wholly-owned by Mr. Zhang. For the purpose of reflecting Mr. Zhang’s Interest at the Company level, 5,329,380 ordinary Shares were allotted and issued, credited as fully paid at par to Charlie Bear.

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- (4) Immediately prior to the Reorganization, Mr. Hua indirectly held approximately 3.46% of the equity interest in LX Technology via LX Investment (“**Mr. Hua’s Interest**”). Gold Bear was incorporated in the BVI with limited liability on November 5, 2021, which is wholly-owned by Mr. Hua. For the purpose of reflecting Mr. Hua’s Interest at the Company level, 3,461,307 ordinary Shares were allotted and issued, credited as fully paid at par to Gold Bear.
- (5) Hesheng BVI is an offshore affiliated entity designated by Hesheng Shanghai to subscribe for 601,158 ordinary Shares. Such ordinary Shares were redesignated as the Series D-2 Preferred Shares on March 28, 2022. See “Pre-[REDACTED] Investments – Background information of the Pre-[REDACTED] Investors” below for more information of Hesheng Shanghai and Hesheng BVI.

Incorporation of Bear Technology Group Limited 小熊科技集團有限公司 (“LX BVI”)

LX BVI was incorporated in the BVI with limited liability on January 10, 2022. Since the date of its incorporation, LX BVI has been authorized to issue a maximum of 50,000 shares of one class with a par value of US\$1.00 each. On January 19, 2022, one (1) ordinary share of LX BVI was allotted and issued, credited as fully paid at par to our Company as the sole shareholder. LX BVI is an intermediate holding company of our Group in BVI.

Incorporation of LX Technology (Hong Kong) Group Limited 凌雄科技集團(香港)有限公司 (“LX HK”)

LX HK was incorporated in Hong Kong with limited liability on January 26, 2022. On the same day, (i) one (1) share of LX HK was allotted and issued at a subscription price of HK\$1.00 to its initial subscriber, an Independent Third Party and the aforesaid share was transferred to LX BVI on January 28, 2022 and (ii) 9,999 shares were allotted and issued to LX BVI at a subscription price of HK\$9,999. LX HK is an intermediate holding company of our Group in Hong Kong.

Reduction of Registered Capital of LX Technology

Prior to the Reorganization, several rounds of investments were made in LX Technology by various Pre-[REDACTED] Investors and fully settled, including the Series A Investment, Series B Investment, Series C Investment, Series D-1 Investment, Series D-2 Investment and Series D-3 Investment.

On February 9, 2022, as part of the Reorganization, LX Technology and the then existing shareholders of LX Technology entered into a capital reduction agreement, pursuant to which the respective registered capital contributed by JD Jianguo, Dachen Chuangtong, SME Fund, Zhongzhou Tiecheng, Dachen Chuangjing, Tencent Shenzhen, Hangzhou Mingcheng, Dachen Chuangyuan, HTI, Lenovo Beijing and Hesheng Shanghai (collectively, the “**Capital Reduction Parties**”) in LX Technology was repurchased by LX Technology at the consideration equivalent to respective considerations paid by these Pre-[REDACTED] Investors when they subscribed for the registered capital of LX Technology at the relevant time (the “**Capital Reduction**”).

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As a result, the registered capital of LX Technology was reduced from RMB106,607,146 to RMB54,155,565 and it was owned as to approximately 54.76% by Mr. Hu, 25.39% by Hongyang Investment and 19.85% by LX Investment. The consideration payable for the Capital Reduction is used by the relevant Capital Reduction Parties and/or their respective affiliates to subscribe for the Preferred Shares as described in the paragraph headed “– Subscription of Shares of our Company by the Capital Reduction Parties and Share Transfer by Little Bear” below.

Conversion of LX Technology to a sino-foreign joint venture enterprise

On February 16, 2022, Hongyang Investment and Vulcan Investment Company Limited (“**Vulcan**”), an Independent Third Party, entered into an equity transfer agreement, pursuant to which Vulcan agreed to acquire 1% of the equity interest in LX Technology from Hongyang Investment at a total consideration of RMB5,450,000 and was fully settled in cash on February 25, 2022 (the “**Vulcan Investment**”). Such consideration was determined based on the arm’s length negotiations between the parties with reference to valuation based on the net assets value of LX Technology as of December 31, 2021 conducted by an independent professional valuer and took into account the benefits Vulcan brought to the Group. The registration in respect of such transfer with the Shenzhen Administration for Market Regulation (深圳市市場監督管理局) was completed on February 25, 2022. See “Pre-[REDACTED] Investments” below for more information of Vulcan and the Vulcan Investment.

Acquisition of LX Technology by LX HK

On February 28, 2022, LX HK and the then shareholders of LX Technology, namely, Mr. Hu, Hongyang Investment, LX Investment and Vulcan entered into an equity transfer agreement, pursuant to which LX HK agreed to acquire the entire equity interests in LX Technology at a total consideration of approximately RMB61,196,000, which was made with reference to the registered capital of LX Technology after the Capital Reduction. The registration of alternation was completed on March 22, 2022 by the Shenzhen Administration for Market Regulation. Upon completion of the aforesaid equity transfer, LX Technology became wholly owned by LX HK.

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Subscription of Shares of our Company by the Capital Reduction Parties and Share Transfer by Little Bear

In order to reflect the then shareholding structure of LX Technology immediately prior to the Capital Reduction and taking into account the Vulcan Investment, an aggregate of 48,599,654 Preferred Shares of various classes were allotted and issued to the relevant Capital Reduction Parties’ respective affiliates, 601,158 ordinary Shares allotted and issued to Hesheng BVI were redesignated as Series D-2 Preferred Shares and 507,992 ordinary Shares were transferred from Little Bear to Vulcan.

Upon completion of the aforesaid subscription, redesignation and share transfer as well as issuance of ordinary Shares to LX Brothers, our employee incentive platform, the shareholding structure of our Company became as follows:

No.	Name of Shareholder	Type of Shares	Number of Shares	Approximate Shareholding
1.	Bear Family ⁽¹⁾	Ordinary Shares	27,817,614	27.82%
2.	Little Bear ⁽¹⁾	Ordinary Shares	7,060,450	7.06%
3.	Charlie Bear	Ordinary Shares	5,329,380	5.32%
4.	LX Brothers ⁽¹⁾⁽²⁾	Ordinary Shares	6,622,445	6.62%
5.	Gold Bear	Ordinary Shares	3,461,307	3.46%
6.	Tigris Innovation Limited (“JD BVI”) ⁽³⁾⁽¹³⁾	Series A Preferred Shares	6,668,262	14.68%
		Series D-1 Preferred Shares	8,015,430	
7.	Shanghai Yujun Enterprise Management Partnership (LLP) (上海譽竣企業管理合夥企業(有限合夥)) (“Shanghai Yujun”) ⁽⁴⁾⁽¹²⁾⁽¹³⁾	Series B Preferred Shares (reflecting the interest held by SME Fund in LX Technology)	7,296,920	7.30%
		Series B Preferred Shares (reflecting the interest held by Zhongzhou Tiecheng in LX Technology)	3,367,809	3.37%
		Series D-2 Preferred Shares (reflecting the interest held by Hangzhou Mingcheng in LX Technology)	1,803,472	1.80%
		Series D-2 Preferred Shares (reflecting the interest held by HTI in LX Technology)	1,202,314	1.20%

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No.	Name of Shareholder	Type of Shares	Number of Shares	Approximate Shareholding
8.	Shanghai Tong Yun Xin Xi Ji Shu Company Limited (“ Dachen Chuangtong BVI ”) ⁽⁵⁾⁽¹²⁾⁽¹³⁾	Series A Preferred Shares	6,668,262	12.21%
		Series B Preferred Shares	3,929,111	
		Series D-1 Preferred Shares	1,603,086	
9.	Shanghai Jing Zhe Xin Xi Ji Shu Company Limited (“ Dachen Chuangjing BVI ”) ⁽⁶⁾⁽¹²⁾⁽¹³⁾	Series D-1 Preferred Shares	3,206,172	3.21%
10.	Image Frame Investment (HK) Limited 意像架構投資(香港)有限公司 (“ Tencent HK ”) ⁽⁷⁾⁽¹²⁾⁽¹³⁾	Series C Preferred Shares	2,084,011	2.08%
11.	Shanghai Yuanzhe Enterprise Management Partnership (LLP) (上海元輒企業管理合夥企業(有限合夥)) (“ Dachen Chuangyuan ODI ”) ⁽⁸⁾⁽¹²⁾⁽¹³⁾	Series A Preferred Shares	1,754,805	1.75%
12.	Ultimate Lenovo Limited (“ Lenovo BVI ”) ⁽⁹⁾⁽¹²⁾⁽¹³⁾	Series D-3 Preferred Shares	1,000,000	1.00%
13.	Hesheng BVI ⁽¹⁰⁾⁽¹³⁾	Series D-2 Preferred Shares	601,158	0.60%
14.	Vulcan ⁽¹¹⁾ Total	Ordinary Shares	507,992 100,000,000	0.50% 100.00%

Notes:

- (1) Immediately after completion of the Reorganization, Mr. Hu collectively controlled approximately 41.50% of the voting rights of our Company through Bear Family, Little Bear and LX Brothers.
- (2) LX Brothers was incorporated in the BVI with limited liability on October 29, 2021, which holds interest in our Company that mirrors the then equity interest in LX Technology indirectly held by Mr. Hu via LX Investment. LX Brothers is wholly-owned by Tricor Trust (Hong Kong) Limited, an Independent Third Party and being the trustee holding the shares on trust for the benefit of the participants of the LX Brothers Employee Incentive Plan. LX Brothers is administered by the committee duly authorized by our Board where Mr. Hu is one of the members and its voting rights are exercised by Mr. Hu.
- (3) JD BVI is an offshore affiliate entity designated by JD Jiangsu to subscribe for the Series A Preferred Shares and Series D-1 Preferred Shares in order to mirror the then equity interests held by JD Jiangsu in LX Technology.

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- (4) Shanghai Yujun was established as a limited liability partnership in the PRC by SME Fund, Zhongzhou Tiecheng, HTI and Hangzhou Mingcheng to subscribe for certain Series B Preferred Shares and Series D-2 Preferred Shares in order to mirror their respective equity interests in LX Technology. See “Pre-[REDACTED] Investments – Background information of the Pre-[REDACTED] Investors” for more information.
- (5) Dachen Chuangtong BVI is an offshore affiliate entity designated by Dachen Chuangtong to subscribe for the Series A Preferred Shares, the Series B Preferred Shares and the Series D-1 Preferred Shares in order to mirror the then equity interests held by Dachen Chuangtong in LX Technology.
- (6) Dachen Chuangjing BVI is an offshore affiliate entity designated by Dachen Chuangjing to subscribe for the Series D-1 Preferred Shares in order to mirror the then equity interests held by Dachen Chuangjing in LX Technology.
- (7) Tencent HK is an offshore affiliate entity designated by Tencent Shenzhen to subscribe for the Series C Preferred Shares in order to mirror the then equity interests held by Tencent Shenzhen in LX Technology.
- (8) Dachen Chuangyuan ODI is an affiliate entity designated by Dachen Chuangyuan to subscribe for the Series A Preferred Shares in order to mirror the then equity interests held by Dachen Chuangyuan in LX Technology.
- (9) Lenovo BVI is an offshore affiliate entity designated by Lenovo Beijing to subscribe for the Series D-3 Preferred Shares in order to mirror the then equity interests held by Lenovo Beijing in LX Technology.
- (10) 601,158 ordinary Shares allotted and issued to Hesheng BVI were redesignated as Series D-2 Preferred Shares on March 28, 2022.
- (11) In order to mirror Vulcan’s then equity interest in LX Technology, Little Bear transferred 507,992 ordinary Shares to Vulcan at a nominal value on March 23, 2022. In return of such transfer, Vulcan waived the consideration payable by LX HK for acquiring its 1% of the equity interest in LX Technology.
- (12) Each of Shanghai Yujun, Dachen Chuangtong BVI, Dachen Chuangjing BVI and Dachen Chuangyuan ODI (the “**ODI Investors**”) entered into warrant agreements with our Company on March 28, 2022 (the “**Warrant Agreements**”), pursuant to which our Company agreed to issue warrant certificates (the “**Warrant Certificates**”) to the ODI Investors to subscribe for the Preferred Shares to mirror the then interests held by their affiliates in LX Technology at considerations equivalent in amount to the respective considerations paid when their affiliates subscribed for the registered capital of LX Technology. The Warrant Certificates were fully exercised for the Preferred Shares on April 6, 2022. As of the Latest Practicable Date, there was no outstanding warrant under the Warrant Agreements. The Warrant Certificates were issued and exercised for the purpose of facilitating the Reorganization and hence did not create any new pre-[REDACTED] arrangement as contemplated under HKEX Guidance Letter HKEX-GL29-12 and HKEX Guidance Letter HKEX-GL43-12.
- (13) On March 28, 2022, our Company allotted and issued a total of 17,767,703 Preferred Shares to JD BVI, Tencent HK and Lenovo BVI. On April 6, 2022, our Company allotted and issued a total of 30,831,951 Preferred Shares to the ODI Investors upon their exercise of the Warrant Certificates. The considerations for the subscription of Preferred Shares were fully settled in cash by all Pre-[REDACTED] Investors by June 16, 2022. The aforesaid considerations are equivalent in amount to the respective considerations paid by LX Technology when it repurchased the respective registered capital from the relevant Capital Reduction Parties.

Each of our PRC Legal Advisor and Cayman legal advisor has confirmed that all approvals and filings in relation to the transactions and the procedures involved as described in this section have been carried out in accordance with the laws and regulations of the PRC and the Cayman Islands, respectively, and that the transactions in the PRC and the Cayman Islands as described in this section have been properly and legally completed in accordance with the laws and regulations of the PRC and the Cayman Islands, respectively.

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MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed above, we had not conducted any acquisition, disposal or merger that we considered to be material to us during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEE INCENTIVE PLANS

LX Brothers and Beauty Bear are incorporated in the BVI as our employee incentive platforms.

LX Brothers Employee Incentive Plan

In recognition of the contributions of our employees and to incentivize them to further promote our development, the LX Brothers Employee Incentive Plan was adopted on March 23, 2022. On March 25, 2022, 6,622,445 ordinary Shares was allotted and issued to LX Brothers, which is wholly owned by Tricor Trust (Hong Kong) Limited (“**Tricor Trust**”), an Independent Third Party and the trustee holding the shares on trust for the benefit of the participants of the LX Brothers Employee Incentive Plan. LX Brothers is administered by the committee duly authorized by our Board where Mr. Hu is a member and its voting rights are exercised by Mr. Hu. For details and principal terms of the LX Brothers Employee Incentive Plan, see “Statutory and General Information – D. Employee Incentive Plans – 1. LX Brothers Employee Incentive Plan” in Appendix IV to this document.

Beauty Bear Employee Incentive Plan

On March 25, 2022, our Company issued and allotted 11,111,111 ordinary Shares to Beauty Bear, the BVI holding company incorporated for the purpose of the Beauty Bear Employee Incentive Plan. Beauty Bear is wholly owned by Teeroy Limited (“**Teeroy Trust**”), an Independent Third Party and the trustee holding the shares on trust for the benefit of the participants of the Beauty Bear Employee Incentive Plan. Beauty Bear is administered by the committee duly authorized by our Board where Mr. Hu is a member and its voting rights are exercised by Mr. Hu. For details and principal terms of the Beauty Bear Employee Incentive Plan, see “Statutory and General Information – D. Employee Incentive Plans – 2. Beauty Bear Employee Incentive Plan” in Appendix IV to this document.

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PRE-[REDACTED] INVESTMENTS

The Pre-[REDACTED] Investments consist of the Series A Investment, Series B Investment, Series C Investment, Series D-1 Investment, Series D-2 Investment, Series D-3 Investment and Vulcan Investment, which were conducted at the level of LX Technology. The following table summarizes the principal terms of the Pre-[REDACTED] Investments:

	Series A Investment	Series B Investment	Series C Investment	Series D-1 Investment	Series D-2 Investment	Series D-3 Investment	Vulcan Investment
Date of agreement	May 11, 2018	April 16, 2019	November 26, 2019	June 28, 2020	January 16, 2021	June 28, 2021	February 16, 2022
Total consideration paid	RMB86,000,000	RMB130,000,000	RMB20,500,000	RMB160,000,000	RMB60,000,000	RMB16,634,583	RMB5,450,000
Date of full settlement of consideration	February 1, 2019	June 10, 2019	December 5, 2019	July 29, 2020	January 28, 2021	July 22, 2021	February 25, 2022
Cost per Share paid ⁽¹⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Discount or premium to the mid-point of the indicative [REDACTED] range ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Basis of determination of the consideration paid	The consideration for the Pre-[REDACTED] Investments was determined based on arm’s length negotiations between such Pre-[REDACTED] Investors and LX Technology and/or Hongyang Investment after taking into account the following factors, including: (i) the status of the Group’s business at such particular point in time, (ii) the development and prospect of the DLM industry in the PRC; (iii) the development potential of the Group compared with its peers; (iv) the then net assets value of LX Technology conducted by an independent professional valuer; (v) the equity interest that would be held by such Pre-[REDACTED] Investor upon completion of the investment; (vi) the timing of the investment; (vii) the investment risks assumed by the Pre-[REDACTED] Investors in investing in an unlisted company which are considered significantly different from those investors participating at the stage of the [REDACTED], including, among others, the time gap between the completion of the Pre-[REDACTED] Investments and that of the [REDACTED], the uncertainties associated with the [REDACTED] vetting process, the lack of liquidity and open market for trading of shares prior to the completion of the [REDACTED] and the [REDACTED]; and (viii) the business resources, strategic cooperation opportunities and benefits that the Pre-[REDACTED] Investors could bring to the Group.						
Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[REDACTED] Investments for the principal business of our Group, including but not limited to the growth and expansion of our Group’s business, research and development, procurement of IT equipment, marketing and general working capital purposes. As of the Latest Practicable Date, approximately 99% of the net proceeds from the Pre-[REDACTED] Investments was utilized.						
Lock-up	The Shares held by each Pre-[REDACTED] Investor will be subject to lock-up for a period of six months commencing from the [REDACTED].						
Strategic benefits of the Pre-[REDACTED] Investments	Our Directors are of the view that (i) our Group would benefit from the additional capital provided by the Pre-[REDACTED] Investors and their knowledge and experience; and (ii) the Pre-[REDACTED] Investments demonstrate the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group and serve as an endorsement for our Group’s performance, strengths and prospects. Moreover, our Pre-[REDACTED] Investors include affiliates of famous TMT companies, namely JD, Tencent and Lenovo, being our strategic Shareholders and business partners, who can share their insight on business strategies, help broaden our sales channels and supplement our supply chain resources; along with institutional investors who can provide professional advice on our Group’s corporate governance, financial reporting and internal control.						
Shareholding in our Company immediately upon completion of the [REDACTED]	See “– Shareholding and Corporate Structure” for the shareholding in our Company held by the Pre-[REDACTED] Investors immediately after completion of the [REDACTED].						
Special rights	None of the Pre-[REDACTED] Investors is entitled to any special right under the Pre-[REDACTED] Investments which would survive after the [REDACTED].						

Notes:

- (1) The cost per Share was calculated based on (a) the investment amount paid by the relevant Pre-[REDACTED] Investors for subscribing for the registered capital of and acquiring certain equity interest in LX Technology; and (b) the number of Preferred Shares and/or ordinary Shares (as the case may be) they received pursuant to the Reorganization and upon completion of the Capitalization Issue.
- (2) The discount or the premium is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share. D means the relevant discount to the mid-point of the indicative [REDACTED] range and P means the premium to the aforesaid range.

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- (3) The consideration for the Vulcan Investment was determined based on the arm’s length negotiations between Hongyang Investment and Vulcan with reference to the net assets value of LX Technology as of December 31, 2021 conducted by an independent professional valuer and took into account the benefits Vulcan brought to the Group. Upon completion of the Reorganization, Vulcan only holds ordinary Shares without being entitled to any special rights, which are different from the Preferred Shares held by other Pre-[REDACTED] Investors with certain special rights (including, among others, liquidation preference and preemptive right) that will be terminated upon the [REDACTED]. As such, there is an increase in the discount to the [REDACTED] of Vulcan Investment in February 2022. See “– Background information of the Pre-[REDACTED] Investors” below for more information of Vulcan and the Vulcan Investment.

Our PRC Legal Advisor has confirmed that the Pre-[REDACTED] Investments in LX Technology were conducted in compliance with all applicable PRC laws and regulations.

Background information of the Pre-[REDACTED] Investors

Save for JD BVI, Dachen BVI and ODI Entities (as defined below) and Shanghai Yujun, each of the Pre-[REDACTED] Investors and its ultimate beneficial owner(s) is an Independent Third Party other than its investments made in us. The background information of the Pre-[REDACTED] Investors is set out below:

JD Entities

JD Jiangsu is a limited liability company established in the PRC on August 4, 2015, which is principally engaged in investment management. As of the Latest Practicable Date, it was owned as to 45% by Mr. Richard Qiangdong Liu (劉強東), 30% by Ms. Li Yayun (李婭雲) and 25% by Ms. Zhang Fang (張雱).

JD BVI is an investment holding company incorporated in the BVI on September 22, 2021, which is wholly-owned by JD.com Investment Limited.

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised, JD BVI will hold [REDACTED]% of our enlarged issued share capital and is a substantial Shareholder. As such, JD BVI and its associates are connected persons of our Company. See “Connected Transactions” section of this document for the continuing connected transactions between our Group and JD entities.

Both JD Jiangsu and JD BVI are affiliates of JD.com, Inc., the shares of which are listed on the Stock Exchange (stock code: 9618) and the American depositary shares of which are listed on NASDAQ (ticker symbol: JD). JD is a leading supply chain-based technology and service provider. We acquainted with JD Jiangsu in our ordinary course of business. For more information regarding our relationship with JD, see “Business” section of this document.

Tencent Entities

Tencent Shenzhen is a limited liability company established in the PRC, which is principally engaged in venture capital investment. Tencent Shenzhen is a wholly-owned subsidiary of Shenzhen Tencent Industrial Investment Fund Co., Ltd. (深圳市騰訊產業投資基

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金有限公司), which is an affiliate of Tencent Holdings Limited 騰訊控股有限公司 (“**Tencent**”), a company listed on the Hong Kong Stock Exchange (stock code: 00700). Tencent is a leading provider of Internet value-added services in China, including communications and social, digital content, advertising, fintech and cloud services. We acquainted with Tencent Shenzhen in our ordinary course of business. For more information regarding our relationship with Tencent, see “Business” section of this document.

Tencent HK is a limited liability company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of Tencent.

Lenovo Entities

Lenovo Beijing is a limited liability company established in the PRC on December 24, 1992, which is principally engaged in manufacturing and distribution of IT products and provision of IT services. It is a wholly-owned subsidiary of Lenovo Group Limited 聯想集團有限公司 (“**Lenovo**”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 992). Lenovo grows its market leading share in several technology segments and takes advantage of the growing trend of digital and service-led transformation. We acquainted with Lenovo Beijing in our ordinary course of business. For more information regarding our relationship with Lenovo, see “Business” section of this document.

Lenovo BVI is an investment holding company incorporated in the BVI on August 17, 2001, which is wholly-owned by Lenovo Holdings (BVI) Limited.

Both Lenovo Beijing and Lenovo BVI are wholly-owned subsidiaries of Lenovo.

Dachen Entities

Dachen Chuangtong

Dachen Chuangtong is a limited partnership established in the PRC on January 9, 2018, which is principally engaged in equity investment and managed by Shenzhen Dachen Caizhi Venture Capital Investment Management Co., Ltd. (深圳市達晨財智創業投資管理有限公司) (“**Dachen Management**”) as its sole general partner. Based on publicly available information (including National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) (“**NECIPS**”), as of the Latest Practicable Date, Dachen Chuangtong had 44 limited partners, the largest of which was Zhuhai Junfei Equity Investment Center (LLP) (珠海君斐股權投資中心(有限合夥)) (“**Zhuhai Junfei**”) holding approximately 20.43% partnership interest and none of its ultimate beneficial owners was interested in more than 10% partnership interest of Zhuhai Junfei. Based on the information from NECIPS, as of the Latest Practicable Date, Shenzhen Guidance Fund Investment, Co., Ltd. (深圳市引導基金投資有限公司) held approximately 11.90% partnership interest in Dachen Chuangtong and was ultimately owned by Shenzhen Finance Bureau (深圳市財政局). Save as disclosed herein, to the best of our knowledge having made all reasonable enquiries, none of the ultimate beneficial owners of

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Dachen Chuangtong is interested in more than 10% partnership interest of Dachen Chuangtong. To the best of our knowledge having made all reasonable enquiries, the limited partners of Dachen Chuangtong are independent from each other.

Dachen Management is principally engaged in venture capital investments focusing on TMT, intelligent manufacturing, consumer, culture media and healthcare industries. It has the asset under management (“AUM”) of approximate RMB30 billion. Our employee responsible for the Group’s financing approached Dachen Management directly for its investments in LX Technology. As of the Latest Practicable Date, Dachen Management was owned as to 35% by Shenzhen Dachen Venture Capital Investment Co., Ltd. (深圳市達晨創業投資有限公司) (“**Shenzhen Dachen VC**”) and 20% by Hunan TV and Broadcast Intermediary Co., Ltd. (湖南電廣傳媒股份有限公司) (“**Hunan TVBI**”), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000917), which in turn held 75% of the equity interest in Shenzhen Dachen VC. As of the Latest Practicable Date, Dachen Management was ultimately controlled by Hunan TVBI. Save for Shenzhen Dachen VC and Hunan TVBI, no other shareholders held 30% or more equity interest in Dachen Management.

Dachen Chuangtong BVI is an investment holding company incorporated in BVI on September 10, 2019, which is wholly-owned by Shanghai Tongyun Information Technology Partnership (LLP) (上海通韞信息技術合夥企業(有限合夥)) (“**Shanghai Tongyun**”). Shanghai Tongyun is managed by Dachen Management as its sole general partner and Dachen Chuangtong is its limited partner.

Dachen Chuangyuan

Dachen Chuangyuan is a limited partnership established in the PRC on October 16, 2017, which is principally engaged in equity investment and management by Dachen Management as its sole general partner. Based on the information from NECIPS, as of the Latest Practicable Date, Dachen Chuangyuan had 32 limited partners and none of the ultimate beneficial owners of Dachen Chuangyuan was interested in more than 10% partnership interest of Dachen Chuangyuan. To the best of our knowledge having made all reasonable enquiries, the limited partners of Dachen Chuangyuan are independent from each other.

Dachen Chuangyuan ODI is a limited partnership established in the PRC on November 18, 2021, which is managed by Dachen Management as its sole general partner and Dachen Chuangyuan is its limited partner.

Dachen Chuangjing

Dachen Chuangjing is a limited partnership established in the PRC on January 12, 2018, which is principally engaged in equity investment and management by Dachen Management as its sole general partner. Based on publicly available information (including NECIPS), as of the Latest Practicable Date, Dachen Chuangjing had 11 limited partners, among which Shanghai Focus Media Hongyi Information Technology Co., Ltd. (上海分眾鴻意信息技術有限公司) (“**Focus Media**”) held 49.80% partnership interest and Dongguan Income Doubling Program

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M&A Fund Partnership (LLP) (東莞市倍增計劃產業併購母基金合夥企業(有限合夥)) (“**Dongguan IDP**”) held 30% partnership interest. As of the Latest Practicable Date, (i) Focus Media was ultimately controlled by Focus Media Information Technology Co., Ltd. (分眾傳媒信息技術股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002027); and (ii) Dongguan IDP was owned as to approximately 66.66% by Dongguan Mintou Investment Holding Group Co., Ltd. (東莞民投投資控股集團有限公司) (“**Dongguan Mintou**”) having 23 shareholders, none of which held more than 10% equity interest in Dongguan Mintou. Save as disclosed herein, to the best of our knowledge having made all reasonable enquiries, none of the ultimate beneficial owners of Dachen Chuangjing is interested in more than 10% partnership interest of Dachen Chuangjing. To the best of our knowledge having made all reasonable enquiries, the limited partners of Dachen Chuangjing are independent from each other.

Dachen Chuangjing BVI is an investment holding company incorporated in the BVI on September 11, 2019, which is wholly-owned by Shanghai Jingzhe Information Technology Partnership (LLP) (上海景輒信息技術合夥企業(有限合夥)) (“**Shanghai Jingzhe**”). Shanghai Jingzhe is managed by Dachen Management as its sole general partner and Dachen Chuangjing is its limited partner.

As Dachen Management through Dachen Chuangtong BVI, Dachen Chuangjing BVI and Dachen Chuangyuan ODI will hold in aggregate approximately [REDACTED]% of our enlarged issued share capital upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and is a substantial Shareholder, each of Dachen Management, Dachen Chuangtong BVI, Dachen Chuangjing BVI and Dachen Chuangyuan ODI (collectively, the “**Dachen BVI and ODI Entities**”) is a connected person of our Company.

SME Fund

SME Fund is a limited partnership established in the PRC on December 21, 2016, which is principally engaged in equity investment in small and medium-sized enterprises and managed by Shenzhen Oriental Fortune SME Development Fund Equity Investment Management Co., Ltd. (深圳市富海中小企業發展基金股權投資管理有限公司) (“**Shenzhen OFC**”) as its sole general partner. Shenzhen OFC is owned as to 51% by Shenzhen Oriental Fortune Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) (“**OFC**”), which is ultimately beneficially owned by Mr. Chen Wei (陳瑋). OFC is one of the leading venture capital investment firms in the PRC. OFC and its subsidiaries are managing assets with a totaling of approximately RMB28 billion covering telecommunication, TMT, green technology, new material & advanced manufacturing technology, healthcare and entertainment & consumption industries. Our employee responsible for the Group’s financing approached OFC directly for the investment in LX Technology. Based on the information from NECIPS, as of the Latest Practicable Date, SME Fund had [10] limited partners, among which China SME Development Fund Co., Ltd. (國家中小企業發展基金有限公司) (“**China SME**”) held approximately 24.44% partnership interest, Shenzhen GF held approximately 24.33% partnership interest and Xinyu Huabang Investment Management Center (LLP) (新余市華邦投資管理中心(有限合夥)) (“**Huabang**”) held approximately 12.44% partnership interest. Based

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on the information from NECIPS, as of the Latest Practicable Date, (i) China SME was ultimately owned by MOF; and (ii) the largest limited partner of Huabang was Guangdong Baoxing Assets Management Co., Ltd. (廣東寶新資產管理有限公司), which was ultimately controlled by Mr. Ye Huaneng (葉華能). Save as disclosed herein, to the best of our knowledge having made all reasonable enquiries, none of the ultimate beneficial owners of SME Fund is interested in more than 10% partnership interest of SME Fund. To the best of our knowledge having made all reasonable enquiries, the limited partners of SME Fund are independent from each other.

Zhongzhou Tiecheng

Zhongzhou Tiecheng is a limited partnership established in the PRC on June 19, 2018, which is principally engaged in venture capital investment and managed by Qianhai Great Wall Fund Management (Shenzhen) Co., Ltd. (前海長城基金管理(深圳)有限公司) (“**Great Wall Fund**”) as its sole general partner. Great Wall Fund is a limited liability company established in the PRC in July 2015, which is principally engaged in private equity investments focusing on semiconductor and biotech industries and registered with Asset Management Association of China (中國證券投資基金協會) (“**AMAC**”) (Registration No. P1023212). Our employee responsible for the Group’s financing approached Great Wall Fund directly for the investment in LX Technology. As of the Latest Practicable Date, Great Wall Fund was owned as to approximately 39.06% by Mr. Chang Jinyong (常進勇) and 30.06% by Mr. Weng Xianding (翁先定) and the remaining equity interests were held by other shareholders. Based on the information from NECIPS, as of the Latest Practicable Date, Zhongzhou Tiecheng had 7 limited partners, among which Shenzhen GF held approximately 24.22% partnership interest, Infotech National Emerging Industry Venture Investment Guidance Fund (LLP) (盈富泰克國家新興產業創業投資引導基金(有限合夥)) (“**Infotech**”) held approximately 23.26% partnership interest, Shenzhen Futian Guidance Fund Investment Co., Ltd. (深圳市福田引導基金投資有限公司) (“**Futian GF**”) held approximately 23.26% partnership interest and Shenzhen New Industrial Start-up Investment Co., Ltd. (深圳市新產業創業投資有限公司) (“**Shenzhen NIS**”) held approximately 11.63% partnership interest. Based on the information from NECIPS, as of the Latest Practicable Date, (i) Infotech had 7 limited partners, the largest of which was MOF holding approximately 40.18% partnership interest; (ii) Futian GF was ultimately owned by Shenzhen Futian Finance Bureau (深圳市福田區財政局) and (iii) Shenzhen NIS was ultimately controlled by Mr. Wen Xianding (翁先定). Save as disclosed herein, to the best of our knowledge having made all reasonable enquiries, none of the ultimate beneficial owners of Zhongzhou Tiecheng is interested in more than 10% partnership interest of Zhongzhou Tiecheng. To the best of our knowledge having made all reasonable enquiries, the limited partners of Zhongzhou Tiecheng are independent from each other.

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HTI

HTI is a limited liability company established in the PRC on June 29, 2010, which is principally engaged in venture capital investment. It is a wholly-owned subsidiary of Shenzhen High-tech Investment Group Co., Ltd. (深圳市高新投集團有限公司) (“**HTI Group**”), which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會). Since the establishment in December 1994, HTI Group has been focusing on providing diverse financial services including financing guarantee, venture capital and commercial factoring to small and medium size technology companies. We acquainted with HTI in our ordinary course of business.

Hangzhou Mingcheng

Hangzhou Mingcheng is a limited partnership established in the PRC on September 30, 2019, which is principally engaged in equity investment and managed by Mingcheng Zhihui (Hangzhou) Equity Investment Co., Ltd. (明誠致慧(杭州)股權投資有限公司) (“**Mingcheng Zhihui**”) as its sole general partner. Mingcheng Zhihui is a limited liability company established in the PRC on March 20, 2019, which is principally engaged in equity investment. It is a private equity fund manager registered with AMAC (Registration No. P1069966) and has the AUM of more than RMB1 billion. As of the Latest Practicable Date, Mingcheng Zhihui was ultimately controlled by Mr. Hu Huayong (胡華勇). Based on publicly available information (including NECIPS), as of the Latest Practicable Date, Hangzhou Mingcheng had [6] limited partners, among which Zhejiang Rongsheng Holding Group Co., Ltd. (浙江榮盛控股集團有限公司) ultimately controlled by Mr. Li Shuirong (李水榮) held approximately 47.17% partnership interest and each of Zhengbang Group Co., Ltd. (正邦集團有限公司) ultimately controlled by Mr. Sun Yinsun (孫印孫) and Shenzhen Qianhai Nanshan Finance Development Co., Ltd. (深圳前海南山金融發展有限公司) ultimately controlled by Shandong Yantai Longkou Dongjiang Nanshan Village Committee (山東煙台龍口市東江街道南山村村民委員會) held approximately 18.87% partnership interest. Save as disclosed herein, to the best of our knowledge having made all reasonable enquiries, none of the limited partners of Hangzhou Mingcheng is interested in more than 10% partnership interest of Hangzhou Mingcheng. To the best of our knowledge having made all reasonable enquiries, the limited partners of Hangzhou Mingcheng are independent from each other. Our employee responsible for the Group’s financing approached Hangzhou Mingcheng directly for the investment in LX Technology.

Shanghai Yujun

For the purpose of the ODI application, SME Fund, Zhongzhou Tiecheng, Hangzhou Mingcheng and HTI established Shanghai Yujun in the PRC on December 27, 2021 to subscribe for certain Series B Preferred Shares and Series D-2 Preferred Shares in order to mirror their respective equity interests in LX Technology.

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Shanghai Yujun is managed by Shenzhen OFC. As of the Latest Practicable Date, based on the publicly available information, SME Fund, Zhongzhou Tiecheng, Hangzhou Mingcheng and HTI respectively held 44.67%, 20.62%, 20.62% and 13.75% interest in Shanghai Yujun as limited partners.

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shanghai Yujun will hold [REDACTED]% of our enlarged issued share capital and is a substantial Shareholder.

Hesheng Entities

Hesheng Shanghai is a limited partnership established in the PRC on December 7, 2020, which is principally engaged in equity investment and managed by Ms. Huang Litai (黃麗泰) as its sole general partner and holding 30% interest in Heshang Shanghai. Ms. Sun Jing (孫靜) and Ms. Shu Man (舒曼) hold 40% and 30% interest in Heshang Shanghai as its limited partners, respectively. Ms. Huang is the founder of LAD Group (利安達集團), which is principally engaged in the businesses of apparel, urban energy, hotel services and financial investment; Ms. Sun is the key founder of Hesheng Shanghai, who served as a director of INTCO Medical (英科醫療科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300677); and Ms. Shu worked as general manager for several PRC companies. Hesheng BVI is a company incorporated by the ultimate beneficial owners of Hesheng Shanghai in the BVI with limited liability on November 9, 2021, which is owned as to 40% by Ms. Sun, 30% by Ms. Shu and 30% by Ms. Huang. To the best of our knowledge having made all reasonable enquiries, the limited partners of Hesheng Shanghai are independent from each other. Our employee responsible for the Group’s financing approached Hesheng Shanghai directly for the investment in LX Technology.

Vulcan

Vulcan is an investment holding company incorporated in HK on January 19, 2022, which is wholly-owned by Ms. Fung Wai 馮卉 (“**Ms. Fung**”). Ms. Fung used to work at multinational corporations, where she accumulated financial and investment experience. Ms. Fung has extensive connections with overseas commercial banks. Before her investment in our Group, she successfully connected us with a licensed overseas bank, which provided facilities in relation to the Reorganization and is also one of our principal banks granting us credit facilities. Being confident in the prospect of our business, Ms. Fung, through Vulcan, invested in our Company using her personal resources. Our employee responsible for the Group’s financing approached Ms. Fung for her investment in LX Technology.

Public Float

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shanghai Yujun, JD BVI and Dachen BVI and ODI Entities will hold [REDACTED]%, [REDACTED]% and [REDACTED]% of our enlarged issued share capital, respectively, while the remaining Pre-[REDACTED] Investors will each hold less than 10% of our enlarged

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issued share capital. Therefore, except for Shanghai Yujun, JD BVI and Dachen BVI and ODI Entities, the Shares held by the remaining Pre-[REDACTED] Investors will be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Compliance with Interim Guidance and Guidance Letters

Our Directors are of the view that taking into account the facts that (i) the Preferred Shares and/or the ordinary Shares were allotted to, subscribed by or transferred to the Pre-[REDACTED] Investors to mirror their respective then equity interests in LX Technology; (ii) the considerations of the Pre-[REDACTED] Investments were fully settled more than 28 clear days before the date of submission of the [REDACTED] application; (iii) none of the Pre-[REDACTED] Investors is entitled to any special rights under the Pre-[REDACTED] Investments which would survive after the [REDACTED]; and (iv) the conversion of the Preferred Shares to the ordinary Shares would be based on the arrangements under the Pre-[REDACTED] Investments which would take place automatically upon the [REDACTED] without any conversion price mechanism contrary to the Guidance on Pre-[REDACTED] Investments in Convertible Instruments (HKEX Guidance Letter HKEX-GL44-12), the Pre-[REDACTED] Investments are in compliance with the Interim Guidance on Pre-[REDACTED] Investments (HKEX Guidance Letter HKEX-GL29-12), the Guidance on Pre-[REDACTED] Investments (HKEX Guidance Letter HKEX-GL43-12) and the Guidance on Pre-[REDACTED] Investments in Convertible Instruments (HKEX Guidance Letter HKEX-GL44-12). On the above basis, the Sole Sponsor concurs with our Directors for the compliance of the Pre-[REDACTED] Investments with the aforementioned guidance published by the Stock Exchange.

CAPITALIZATION ISSUE AND CONVERSION OF PREFERRED SHARES

Pursuant to the resolutions passed by our Shareholders on September 27, 2022, subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue 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 of 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 it/they may direct in proportion to their respective shareholdings in our Company (as nearly as possible without fractions) by way of capitalization of the sum of [HK\$[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, in each case to be effective on the [REDACTED]. Each of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares and Series D-3 Preferred Shares will be converted into Shares on one-to-one basis by way of redesignation to Shares upon [REDACTED].

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The table below is a summary of the capitalization of our Company.

No.	Shareholders	Ordinary Shares	Series						Series D-3 Preferred Shares	Ownership percentage as of the date of this document ⁽¹⁾	Number of Ordinary Shares held upon [REDACTED] ⁽²⁾	Ownership percentage as of the [REDACTED]
			Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D-1 Preferred Shares	Series D-2 Preferred Shares	Series D-3 Preferred Shares				
1.	Bear Family ⁽³⁾	27,817,614	-	-	-	-	-	-	25.04%	[REDACTED]	[REDACTED]	
2.	Beauty Bear ⁽³⁾	11,111,111	-	-	-	-	-	-	10.00%	[REDACTED]	[REDACTED]	
3.	Little Bear ⁽³⁾	7,060,450	-	-	-	-	-	-	6.35%	[REDACTED]	[REDACTED]	
4.	LX Brothers ⁽³⁾	6,622,445	-	-	-	-	-	-	5.96%	[REDACTED]	[REDACTED]	
5.	Charlie Bear	5,329,380	-	-	-	-	-	-	4.80%	[REDACTED]	[REDACTED]	
6.	Gold Bear	3,461,307	-	-	-	-	-	-	3.12%	[REDACTED]	[REDACTED]	
7.	JD BVI	-	6,668,262	-	-	8,015,430	-	-	13.22%	[REDACTED]	[REDACTED]	
8.	Shanghai Yujun	-	-	10,664,729	-	-	3,005,786	-	12.30%	[REDACTED]	[REDACTED]	
9.	Dachen Chuangtong BVI	-	6,668,262	3,929,111	-	1,603,086	-	-	10.98%	[REDACTED]	[REDACTED]	
10.	Dachen Chuangjing BVI	-	-	-	-	3,206,172	-	-	2.89%	[REDACTED]	[REDACTED]	
11.	Tencent HK	-	-	-	2,084,011	-	-	-	1.88%	[REDACTED]	[REDACTED]	
12.	Dachen Chuangyuan ODI	-	1,754,805	-	-	-	-	-	1.58%	[REDACTED]	[REDACTED]	
13.	Lenovo BVI	-	-	-	-	-	-	1,000,000	0.90%	[REDACTED]	[REDACTED]	
14.	Hesheng BVI	-	-	-	-	-	601,158	-	0.54%	[REDACTED]	[REDACTED]	
15.	Vulcan	507,992	-	-	-	-	-	-	0.46%	[REDACTED]	[REDACTED]	
	Total:	61,910,299	15,091,329	14,593,840	2,084,011	12,824,688	3,606,944	1,000,000	100.00%	[REDACTED]	[REDACTED]	

Notes:

- (1) Based on the assumption that each Preferred Share will be converted into one ordinary Share upon the [REDACTED] becoming unconditional and all Preferred Shares will automatically be converted into the same number of ordinary Shares upon [REDACTED].
- (2) After 1:1 conversion of the Preferred Shares into ordinary Shares of our Company and the completion of the Capitalization Issue, without taking into account the Shares to be allotted and issued under the [REDACTED] and the [REDACTED].
- (3) Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Hu, through Bear Family, Little Bear, LX Brothers and Beauty Bear, will be able to exercise approximately [REDACTED]% of the voting rights of our Company.

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PRC LEGAL COMPLIANCE

SAFE Registration

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 (國家外匯管理局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) (“**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 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 Circular 37, failure to comply with these registration procedures may result in penalties.

As confirmed by our PRC Legal Advisor, Mr. Hu, Mr. Zhang, Mr. Hua, Mr. Cao, Mr. He, Mr. Tang, Ms. Huang Litai (黃麗泰), Ms. Shu Man (舒曼), Ms. Sun Jing (孫靜), who are ultimate beneficial owners of our Shares and PRC residents, had completed the registration under Circular 37.

M&A Rules

Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “**Regulated Activities**”).

As advised by our PRC Legal Advisor, LX Technology became a sino-foreign joint venture enterprise after the Vulcan Investment, LX Technology completed the relevant registration pursuant to the M&A Rules with the relevant authorities. Given that LX Technology was a sino-foreign joint venture enterprise, the acquisition of 100% equity interests in LX Technology by LX HK is not subject to the M&A Rules and does not require approval from MOFCOM under the M&A Rules.

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ODI Registration Procedures

Pursuant to the Administrative Measures for the Outbound Investment of Enterprises (企業境外投資管理辦法), promulgated by NDRC and which became effective on March 1, 2018, to make outbound investment, any investor shall go through the formalities to have a proposed overseas investment project approved or filed on the record, report relevant information, and cooperate in supervision and inspection, and the authority in charge of examining and approving such projects shall be NDRC and its provincial branches. Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》), promulgated by MOFCOM and which became effective on October 6, 2014, “outbound investment” refers to the activities of possessing non-financial enterprises or acquiring the ownership of, the control over, the operation and management right of, and other rights of and interests in, the existing non-financial enterprises outbound through consolidation, merger and acquisition, or otherwise conducted by enterprises that are established in China in accordance with the law, the Ministry of Commerce and the provincial departments in charge of commerce shall conduct archive filing and verification management according to different circumstances of outbound investment of an enterprise. Pursuant to the Circular of SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《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》), promulgated by the State Administration of Foreign Exchange and which became effective on June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment shall be directly reviewed and handled by banks in accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies and the Guidelines for Direct Investment-related Foreign Exchange Business, and SAFE and its branches shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

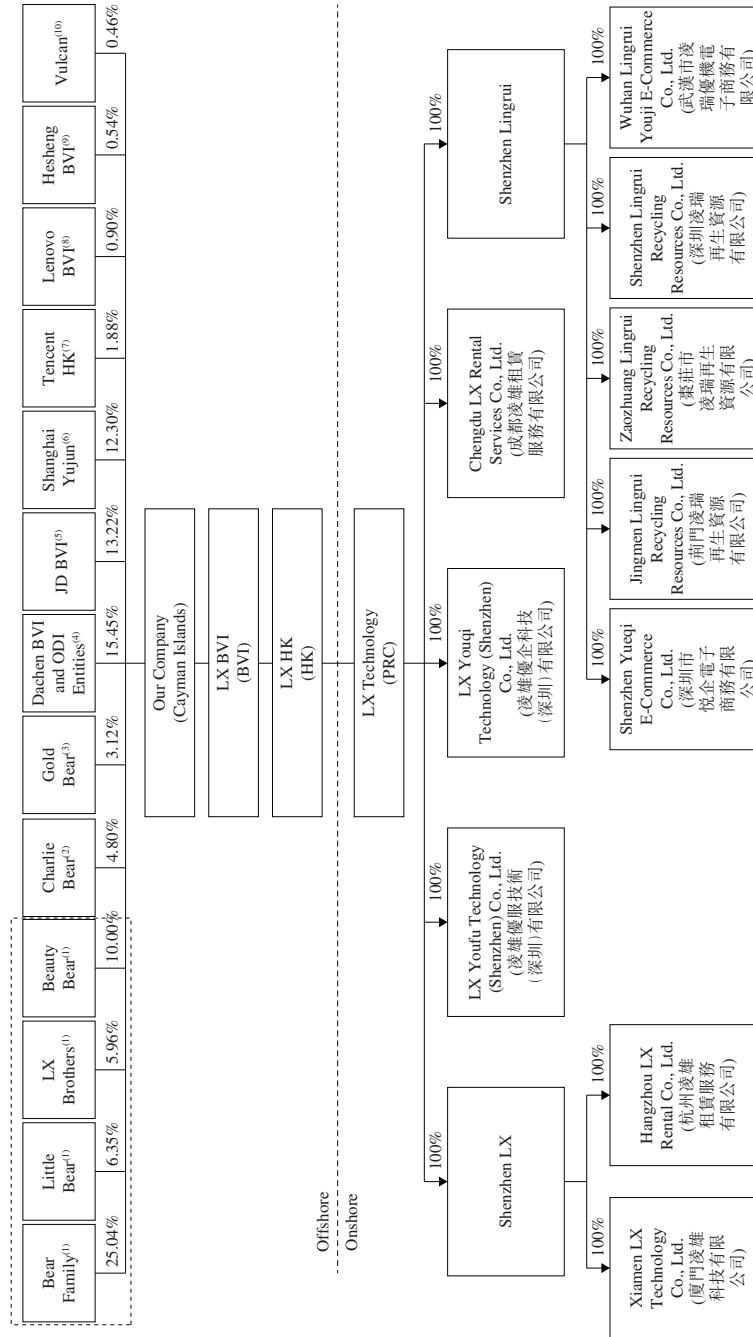
As advised by our PRC Legal Adviser, Shanghai Yujun, Shanghai Tongyun, Shanghai Jingzhe, Dachen Chuangyuan ODI completed the ODI registration procedures with respective provincial development and reform commission, provincial departments in charge of commerce and the bank.

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SHAREHOLDING AND CORPORATE STRUCTURE

Corporate Structure Immediately Prior to the [REDACTED]

The following chart sets forth the corporate and shareholding structure of our Group after completion of the Reorganization and immediately prior to the completion of the [REDACTED]:



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Notes:

- (1) Bear Family, a company incorporated in the BVI on October 29, 2021, is wholly-owned by Mr. Hu.

Little Bear, a company incorporated in the BVI on November 5, 2021, is owned as to 8.78% by Mr. Hu, 51.56% by Mr. He, 24.91% by Mr. Tang and 14.75% by Mr. Cao, among whom Mr. Hu has the voting rights and the other shareholders have the non-voting rights.

LX Brothers is a company incorporated in the BVI on October 29, 2021 as the Company’s employee incentive platform for the LX Brothers Employee Incentive Plan. LX Brothers is wholly-owned by Tricor Trust. LX Brothers is administered by the committee duly authorized by our Board where Mr. Hu is a member. The voting rights of LX Brothers are exercised by Mr. Hu.

Beauty Bear is a company incorporated in the BVI on October 29, 2021 as the Company’s employee incentive platform for the Beauty Bear Employee Incentive Plan. Beauty Bear is wholly-owned by Teeroy Trust. Beauty Bear is administered by the committee duly authorized by our Board where Mr. Hu is a member. The voting rights of Beauty Bear are exercised by Mr. Hu.

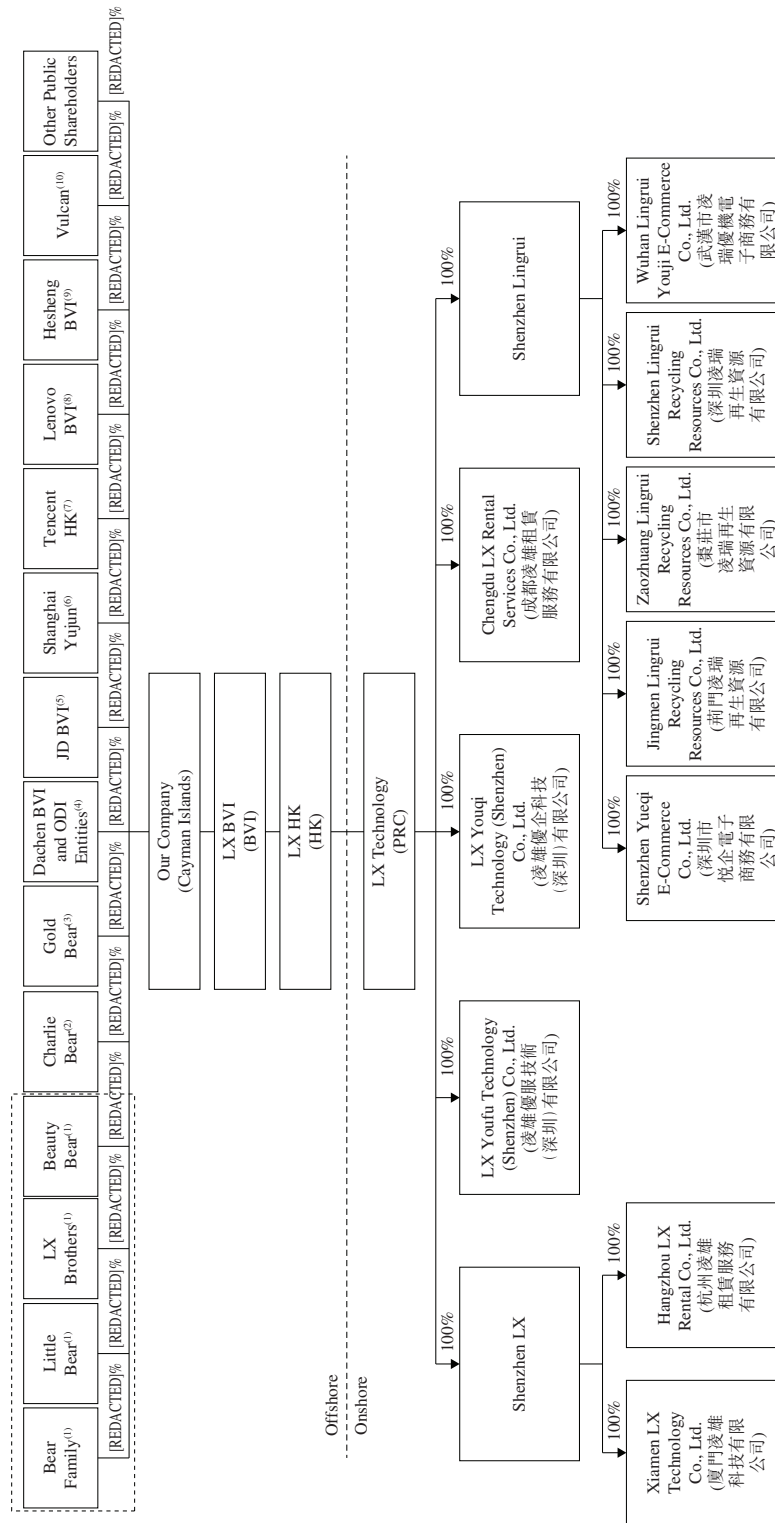
Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Hu, through Bear Family, Little Bear, LX Brothers and Beauty Bear, will be able to exercise approximately [REDACTED]% of the voting rights of our Company.

- (2) Charlie Bear, a company incorporated in the BVI on November 5, 2021, is wholly-owned by Mr. Zhang, an Independent Third Party.
- (3) Gold Bear, a company incorporated in the BVI on November 5, 2021, is wholly-owned by Mr. Hua, an employee of LX Technology.
- (4) Dachen BVI and ODI Entities include Dachen Chuangtong BVI, Dachen Chuangjing BVI and Dachen Chuangyuan ODI. For details between these entities, see “Pre-[REDACTED] Investments – Background information of the Pre-[REDACTED] Investors.”
- (5)-(10) See “Pre-[REDACTED] Investments – Background information of the Pre-[REDACTED] Investors” for the detailed background information of the Pre-[REDACTED] Investors.

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Corporate Structure Immediately After the Completion of the [REDACTED]

The following chart sets forth the corporate and shareholding structure of our Group immediately after the completion of the [REDACTED] (assuming each of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares and Series D-3 Preferred Shares has been converted to Shares of the Company on a one-to-one basis and the [REDACTED] is not exercised):



Note: See notes of the subsection headed “Corporate Structure Immediately Prior to the [REDACTED]” above for details.