
HISTORY, CONVERSION AND CORPORATE STRUCTURE

OVERVIEW

We are a leading multi-brand cosmetics company in China and operate a number of household brands widely recognized by consumers.

In 2004, our Company, previously known as Shanghai Kaka Cosmetic Co., Ltd. (上海卡卡化妝品有限公司), was a limited liability company in Shanghai, the PRC established by Mr. Yao Zhenxiong (姚振雄) and Ms. Lyu Lichun (呂麗純). After a series of equity transfers, our Company is currently held by Mr. Lyu Yixiong as to 40.96% directly and 50.31% indirectly. See “History, Conversion and Corporate Structure – Subsequent Capital Increase and Equity Transfer” for the details of equity transfers and “Relationship with Controlling Shareholders” for the details of equity interests held by Mr. Lyu Yixiong. On June 8, 2015, our Company was renamed as Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妝品有限公司). On December 24, 2020, our Company was converted into a joint stock company with limited liability and was renamed as Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妝品股份有限公司).

Mr. Lyu Yixiong, the chief executive officer of our Company since June 2004, has rich experiences in the skincare, maternity and childcare, and personal care industry. Since our Company was founded, Mr. Lyu Yixiong has continually formulated visionary corporate roadmap and differentiated strategies, contributing his experience and expertise to building up, launching, and developing new brands and products, thereby diversifying the brands and product portfolios of our Company.

OUR BUSINESS MILESTONES

The following is a summary of our key business development milestones:

Time	Event
October 2002	Shanghai Lizi Cosmetics Co., Ltd. (上海黎姿化妝品有限公司) was founded and Mr. Lyu Yixiong started business in the cosmetics industry in Shanghai.
April 2003	Independent research and development was started.
June 2003	The cosmetic brand, <i>KANS</i> , was founded.
June 2004	Our Company, formerly known as Shanghai Kaka Cosmetic Co., Ltd. (上海卡卡化妝品有限公司), was established.
December 2005	The State-owned Land Use Certificate of Lizi Production Base (Phase 1) in China-Singapore Suzhou Industrial Park (中國-新加坡蘇州工業園區) of our Company was obtained. The construction of the first industrial park of the Group commenced.
October 2014	<i>One Leaf</i> , a brand focusing on botanical skincare products, was launched.

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Time	Event
July 2015	Our Company established Nippon Hondo Co., Ltd. (日本紅道株式會社) and commenced its global strategies.
December 2015	<i>Baby Elephant</i> , a brand focusing on maternity and childcare products, was launched.
December 2015	Our brand, <i>KANS</i> , became the leading brand of domestic cosmetics products.
October 2016	Hongdo Innovation Center (紅道科研中心株式會社), a research and development center was set up by our Company in Kobe, Japan, starting its investment in fundamental research and development.
December 2016	<i>One Leaf</i> became the top facial mask brand in China by market shares.
May 2018	Chicmax Science and Technology Park (Zhongyi Daily Chemical) (上美科技園(中翊日化)) started its operations.
January 2019	The plant in Okayama, Japan commenced operations.
December 2019	<i>Baby Elephant</i> became the top domestic maternity and childcare brand in China by market shares.
December 2020	Our Company was converted into a joint stock company with limited liability and was renamed as Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妝品股份有限公司).

CORPORATE DEVELOPMENT

The following sets forth the corporate history and shareholding changes of our Company.

Incorporation of our Company

Upon incorporation of our Company in June 2004, our Company had a registered capital of RMB0.5 million and was owned by Mr. Yao Zhenxiong (姚振雄), an Independent Third Party, and Ms. Lyu Lichun (呂麗純), a sibling of Mr. Lyu Yixiong, as to 60% and 40%, respectively.

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Subsequent Capital Increase and Equity Transfer

After incorporation, our Company underwent several rounds of major shareholding changes: (i) transfer by Mr. Yao Zhenxiong (姚振雄) to Ms. Han Yanyan (韓艷艷) in January 2006; (ii) transfer by Ms. Lyu Lichun (呂麗純) to Mr. Lyu Yixiong and increase of registered capital in October 2014; (iii) transfer by Ms. Han Yanyan (韓艷艷) to Shanghai Kans and increase of registered capital in January 2015; (iv) investments by Hongyin Investment, Nanyin Investment and Series A Investors through cash subscriptions in April 2015; (v) transfer by Shanghai Kans to Mr. Lyu Yixiong and by White Sand (HK) to Shanghai Shengyan in May 2020; (vi) transfer by Shanghai Lianyi to Shanghai Shengyan in October 2020; (vii) transfer by Shanghai Shengyan to Series B Investors in October 2020; and (viii) increase of registered capital of our Company in January 2021.

Transfer by Mr. Yao Zhenxiong (姚振雄) to Ms. Han Yanyan (韓艷艷) in January 2006

On January 18, 2006, we completed the SAMR registration in respect of the acquisition of 60% of our equity interest by Ms. Han Yanyan (韓艷艷) from Mr. Yao Zhenxiong (姚振雄) at a total consideration of RMB0.3 million, equivalent to the amount of registered capital of our Company being transferred. Immediately after the transfer, our Company was owned by Ms. Han Yanyan (韓艷艷) and Ms. Lyu Lichun (呂麗純) as to 60% and 40%, respectively.

Transfer by Ms. Lyu Lichun (呂麗純) to Mr. Lyu Yixiong and increase of registered capital in October 2014

On October 17, 2014, we completed the SAMR registration in respect of the acquisition of 40% of our equity interest by Mr. Lyu Yixiong from Ms. Lyu Lichun (呂麗純) at a total consideration of RMB0.2 million, which was determined on the basis of the amount of registered capital of our Company being transferred, given the sibling relationships between Mr. Lyu Yixiong and Ms. Lyu Lichun (呂麗純).

On the same date, we completed the SAMR registration in respect of the increase in the registered capital of our Company from RMB0.5 million to RMB30 million by an increase of RMB29.5 million, of which RMB23.8 million was subscribed by Mr. Lyu Yixiong and RMB5.7 million was subscribed by Ms. Han Yanyan (韓艷艷).

Immediately after the transfer, our Company was owned by Mr. Lyu Yixiong and Ms. Han Yanyan (韓艷艷) as to 80% and 20%, respectively.

Transfer by Ms. Han Yanyan (韓艷艷) to Shanghai Kans and increase of registered capital in January 2015

On January 30, 2015, we completed the SAMR registration in respect of the acquisition of 20% of our equity interest, representing RMB6 million of the registered capital of our Company, by Shanghai Kans from Ms. Han Yanyan (韓艷艷) at a total consideration of RMB7.92 million, which was determined after negotiation between Mr. Lyu Yixiong (who held the entire equity interest of Shanghai Kans) and Ms. Han Yanyan (韓艷艷).

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On the same date, we completed the SAMR registration in respect of the increase in the registered capital of our Company from RMB30 million to RMB79 million by an increase of registered capital of RMB49 million, which was solely subscribed by Mr. Lyu Yixiong.

Immediately after the transfer, our Company was owned by Mr. Lyu Yixiong and Shanghai Kans as to 92.41% and 7.59%, respectively.

Investments by Hongyin Investment, Nanyin Investment and the Series A Investors through cash subscriptions in April 2015

On April 21, 2015, we completed the SAMR registration in respect of the increase in the registered capital of our Company from RMB79 million to RMB180 million by an increase of registered capital of RMB101 million, of which Hongyin Investment subscribed for 30% of the equity interest of our Company for a cash consideration of RMB54 million, which is equivalent to the amount of registered capital of our Company being allotted; Nanyin Investment subscribed for 16.91% of the equity interest of our Company for a cash consideration of RMB30.44 million, which is equivalent to the amount of registered capital of our Company being allotted; White Sand (HK) subscribed for 4.66% of the equity interest of our Company (representing RMB8.388 million of the registered capital of our Company) for a cash consideration of USD25,000,030, which is equivalent to RMB152,922,683.51; Shanghai Lianyi subscribed for 2.42% of the equity interest of our Company (representing RMB4.356 million of the registered capital of our Company), for a cash consideration of RMB80 million; and Ximei Investment subscribed for 2.12% of the equity interest of our Company (representing RMB3.816 million of the registered capital of our Company) for a cash consideration of RMB70 million.

Set forth below is our shareholding structure immediately after the above investments by Hongyin Investment, Nanyin Investment and the Series A Investors:

Shareholders	Consideration paid by Hongyin Investment, Nanyin Investment and the Series A Investors (RMB)	Approx. % of shareholding immediately before the investments by Hongyin Investment, Nanyin Investment and the Series A Investors	Approx. % of shareholding immediately after the investments by Hongyin Investment, Nanyin Investment and the Series A Investors
Mr. Lyu Yixiong	–	92.41%	40.56%
Shanghai Kans	–	7.59%	3.33%
Hongyin Investment	54,000,000	–	30.00%
Nanyin Investment	30,440,000	–	16.91%
White Sand (HK)	USD25,000,030 (equivalent to RMB152,922,683.51)	–	4.66%
Shanghai Lianyi	80,000,000	–	2.42%
Ximei Investment	70,000,000	–	2.12%
Total	387,362,683.51	100%	100%

See “History, Conversion and Corporate Structure – Pre-[REDACTED] Investments” for further details on the investment by the Series A Investors.

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Transfer by Shanghai Kans to Mr. Lyu Yixiong and by White Sand (HK) to Shanghai Shengyan in May 2020

On May 11, 2020, we completed the SAMR registration in respect of the acquisition of 0.4% of our equity interest, representing RMB0.72 million of the registered capital of our Company, by Mr. Lyu Yixiong from Shanghai Kans at a total consideration of RMB20.7 million, which was determined with reference to the total consideration of the transfer of our equity interest from Shanghai Lianyi, our Independent Third Party, to Shanghai Shengyan, pursuant to the agreement entered into between the same parties on February 27, 2020. See “History, Conversion and Corporate Structure – Transfer by Shanghai Lianyi to Shanghai Shengyan in October 2020” for further details on such equity transfer.

On the same date, 2020, we completed the SAMR registration in respect of the acquisition of 4.66% of our equity interest, representing RMB8.388 million of the registered capital of our Company, by Shanghai Shengyan from White Sand (HK) at a total consideration of USD39,156,068, which was determined on the basis of the initial investment amount of approximately USD25 million and the agreed annual return on investment.

Set forth below is our shareholding structure immediately after the above equity transfers:

Shareholders	Approx. % of shareholding immediately after the equity transfers to Mr. Lyu Yixiong and Shanghai Shengyan
Mr. Lyu Yixiong	40.96%
Shanghai Kans	2.93%
Hongyin Investment	30.00%
Nanyin Investment	16.91%
Shanghai Shengyan	4.66%
Shanghai Lianyi	2.42%
Ximei Investment	2.12%
Total	100%

Transfer by Shanghai Lianyi to Shanghai Shengyan in October 2020

On October 10, 2020, we completed the SAMR registration in respect of the acquisition of 2.42% of our equity interest, representing RMB4.356 million of the registered capital of our Company, by Shanghai Shengyan from Shanghai Lianyi at a total consideration of RMB125,225,365.94, which was determined on the basis of the initial investment amount of RMB80 million and the agreed annual return on investment.

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Set forth below is our shareholding structure immediately after the above equity transfer:

Shareholders	Approx. % of shareholding immediately after the equity transfer to Shanghai Shengyan
Mr. Lyu Yixiong	40.96%
Shanghai Kans	2.93%
Hongyin Investment	30.00%
Nanyin Investment	16.91%
Shanghai Shengyan	7.08%
Ximei Investment	2.12%
Total	100%

Transfer by Shanghai Shengyan to Series B Investors in October 2020

On October 23, 2020, we completed the SAMR registration in respect of the acquisition of 2.31% of our equity interest, representing RMB4.15386 million of the registered capital of our Company, by Youngor Investment from Shanghai Shengyan at a total consideration of RMB150 million.

On the same date, we completed the SAMR registration in respect of the acquisition of 2.31% of our equity interest, representing RMB4.15386 million of the registered capital of our Company, by Mr. Zhang Huai’an from Shanghai Shengyan at a total consideration of RMB150 million.

On the same date, we completed the SAMR registration in respect of the acquisition of 1.54% of our equity interest, representing RMB2.7693 million of the registered capital of our Company, by Shanghai Yingfu from Shanghai Shengyan at a total consideration of RMB100 million.

On the same date, we completed the SAMR registration in respect of the acquisition of 0.46% of our equity interest, representing RMB0.8307 million of the registered capital of our Company, by Anxin Zhipu Investment from Shanghai Shengyan at a total consideration of RMB30 million.

Set forth below is our shareholding structure immediately after the above transfers of equity interests of our Company to the Series B Investors:

Shareholders	Consideration paid by the Series B Investors (RMB)	Approx. % of shareholding immediately before the investments by the Series B Investors	Approx. % of shareholding immediately after the investments by the Series B Investors
Mr. Lyu Yixiong	–	40.96%	40.96%
Shanghai Kans	–	2.93%	2.93%

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Shareholders	Consideration paid by the Series B Investors (RMB)	Approx. % of shareholding immediately before the investments by the Series B Investors	Approx. % of shareholding immediately after the investments by the Series B Investors
Hongyin Investment	–	30.00%	30.00%
Nanyin Investment	–	16.91%	16.91%
Shanghai Shengyan	–	7.08%	0.46%
Ximei Investment	–	2.12%	2.12%
Youngor Investment	150,000,000	–	2.31%
Mr. Zhang Huai’an	150,000,000	–	2.31%
Shanghai Yingfu	100,000,000	–	1.54%
Anxin Zhipu Investment	30,000,000	–	0.46%
Total	430,000,000	100%	100%

See “History, Conversion and Corporate Structure – Pre-[REDACTED] Investments” for further details on the investment by Series B Investors.

Conversion

On December 24, 2020, we completed the SAMR registration in respect of the conversion of our Company into a joint stock company with limited liability and our Company was renamed as Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妆品股份有限公司) (the “Conversion”).

Set forth below is our shareholding structure immediately after the Conversion:

Shareholders	Number of shares held by the shareholders	Approx. % of shareholding immediately after the Conversion
Mr. Lyu Yixiong	73,720,000	40.96%
Shanghai Kans	5,280,000	2.93%
Hongyin Investment	54,000,000	30.00%
Nanyin Investment	30,440,000	16.91%
Shanghai Shengyan	836,280	0.46%
Ximei Investment	3,816,000	2.12%
Youngor Investment	4,153,860	2.31%
Mr. Zhang Huai’an	4,153,860	2.31%
Shanghai Yingfu	2,769,300	1.54%
Anxin Zhipu Investment	830,700	0.46%
Total	180,000,000	100%

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Increase of registered capital of our Company in January 2021

On January 25, 2021, we completed the SAMR registration in respect of the increase of our registered capital from RMB180 million to RMB360 million.

Set forth below is our shareholding structure immediately after the above increase of registered capital of our Company:

Shareholders	Number of shares held by the shareholders	Approx. % of shareholding immediately after the increase of registered capital
Mr. Lyu Yixiong	147,440,000	40.96%
Shanghai Kans	10,560,000	2.93%
Hongyin Investment	108,000,000	30.00%
Nanyin Investment	60,880,000	16.91%
Shanghai Shengyan	1,672,560	0.46%
Ximei Investment	7,632,000	2.12%
Youngor Investment	8,307,720	2.31%
Mr. Zhang Huai'an	8,307,720	2.31%
Shanghai Yingfu	5,538,600	1.54%
Anxin Zhipu Investment	1,661,400	0.46%
Total	360,000,000	100%

OUR KEY SUBSIDIARIES AND MAJOR SHAREHOLDING CHANGES

We conduct our business principally through the following subsidiaries which made a material contribution to our results of operations during the Track Record Period:

Name	Principal business activities	Date of establishment	Place of establishment	Percentage of equity interest held by our Company
Shanghai Shumei Cosmetic Co., Ltd. (上海束美化妝品有限公司)	Sales of cosmetics	September 8, 2009	PRC	100%
Shanghai Zhongyi Daily Chemical Co., Ltd. (上海中翊日化有限公司)	Production of cosmetics	August 5, 2010	PRC	100%
Shanghai Leading Investment Co., Ltd. (上海潮尚投資有限公司)	Investment holding; import and export trade	February 14, 2014	PRC	100%

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Name	Principal business activities	Date of establishment	Place of establishment	Percentage of equity interest held by our Company
Shanghai One Leaf Cosmetic Co., Ltd. (上海一葉子化妝品有限公司)	Sales of cosmetics	September 9, 2014	PRC	100%
Shanghai Baby Elephant Cosmetic Co., Ltd. (上海紅色小象化妝品有限公司)	Sales of cosmetics	December 28, 2015	PRC	100%
Shanghai Kans Biotechnology Co., Ltd. (上海韓束生物科技有限公司)	Research and development of cosmetics	March 18, 2021	PRC	100%
Shanghai Kans Cosmetic Sales Service Co., Ltd. (上海韓束化妝品銷售服務有限公司)	Sales of cosmetics	June 29, 2016	PRC	100%
Nippon Shuichi Cosmetics Co., Ltd. (日本秀一化妝品株式會社)	Production of cosmetics	July 4, 2017	Japan	100%
Shanghai Baby Elephant Cosmetic Sales Service Co., Ltd. (上海紅色小象化妝品銷售服務有限公司)	Sales of cosmetics	June 12, 2018	PRC	100%

Shanghai Shumei Cosmetic Co., Ltd. (上海束美化妝品有限公司)

Shanghai Shumei was established in September 2009 and was then owned by Mr. Lyu Yixiong and an Independent Third Party as to 70% and 30%, respectively. After several rounds of equity transfers, we acquired 90% and 10% of the equity interest from Mr. Lyu Yixiong and Ms. Han Yanyan (韓艷艷), respectively, in January 2015, for a respective consideration of RMB810,000 and RMB90,000, both of which were equivalent to the respective amount of registered capital of Shanghai Shumei being transferred. Immediately after the transfer, Shanghai Shumei became a wholly owned subsidiary of our Company.

Shanghai Zhongyi Daily Chemical Co., Ltd. (上海中翊日化有限公司)

Shanghai Zhongyi was established in August 2010 and was then wholly owned by Mr. Lyu Yixiong. In January 2015, we acquired the entire equity interest of Shanghai Zhongyi from Mr. Lyu Yixiong at a total consideration of RMB49 million, which was determined on the basis of the appraised value of net assets of Shanghai Zhongyi valued at RMB49,302,931.96 on November 30, 2014 according to the valuation report issued by Shanghai Shenwei Assets Appraisal Co., Ltd. Immediately after the transfer, Shanghai Zhongyi became a wholly owned subsidiary of our Company.

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Shanghai Leading Investment Co., Ltd. (上海潮尚投資有限公司)

Established in February 2014, Leading Investment was then owned by Mr. Lyu Yixiong and an Independent Third Party as to 51% and 49%, respectively. After several rounds of equity transfers, Leading Investment was owned by Mr. Lyu Yixiong and Mr. Lyu Yiwu (呂義武) (a cousin of Mr. Lyu Yixiong) as to 95% and 5%, respectively. In July 2016, our Company acquired 95% and 5% of the equity interest from by Mr. Lyu Yixiong and Mr. Lyu Yiwu, respectively, at respective considerations of RMB28.5 million and RMB1.5 million, representing the respective amount of registered capital of Leading Investment being transferred. Immediately after the transfer, Leading Investment became a wholly owned subsidiary of our Company.

Shanghai One Leaf Cosmetic Co., Ltd. (上海一葉子化妝品有限公司)

Shanghai One Leaf was incorporated in September 2014 and was owned by Mr. Lyu Yixiong, Ms. Han Yanyan (韓艷艷), and Shanghai Kans as to 80%, 10%, and 10%, respectively. In June 2015, Ms. Han Yanyan (韓艷艷) transferred her 10% equity interest in Shanghai One Leaf to Mr. Lyu Yixiong at a nominal consideration of RMB1, given that the then registered share capital of Shanghai One Leaf on the part of Ms. Han Yanyan (韓艷艷) had not been paid up. In November 2018, Mr. Lyu Yixiong and Shanghai Kans transferred their entire interest in Shanghai One Leaf to us, both at a nominal consideration of RMB1, given that both Shanghai Kans and our Company are commonly controlled by Mr. Lyu Yixiong. Immediately after the transfer, Shanghai One Leaf became a wholly owned subsidiary of our Company.

Shanghai Baby Elephant Cosmetic Co., Ltd. (上海紅色小象化妝品有限公司)

Established in December 2015, Baby Elephant Cosmetic was then wholly owned by Nanyin Investment. In March 2016, Nanyin Investment transferred its entire equity interest in Baby Elephant Cosmetic to our Company at a nominal consideration of RMB1 given that the relevant share capital of Baby Elephant Cosmetic remained unpaid at the time of the transfer. Immediately after the transfer, we made capital contribution in full with reference to the registered capital of Baby Elephant Cosmetic and it became a wholly owned subsidiary of our Company.

Shanghai Kans Biotechnology Co., Ltd. (上海韓束生物科技有限公司)

Shanghai Kans Biotechnology was incorporated as a wholly owned subsidiary of our Company in March 2021.

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Shanghai Kans Cosmetic Sales Service Co., Ltd. (上海韓束化妝品銷售服務有限公司)

Established in June 2016, Shanghai Kans Cosmetic Sales was then wholly owned by our Company. In May 2021, we transferred the entire equity interest in Shanghai Kans Cosmetic Sales to Shanghai Kans Biotechnology, a wholly owned subsidiary of our Company, for a consideration of RMB5 million, representing the amount of registered capital of Shanghai Kans Cosmetic Sales being transferred. Immediately after the transfer, Shanghai Kans Cosmetic Sales became an indirect wholly owned subsidiary of our Company.

Nippon Shuichi Cosmetics Co., Ltd. (日本秀一化妝品株式會社)

Incorporated on July 4, 2017, Nippon Shuichi is a stock company incorporated under the laws of Japan and an indirect wholly owned subsidiary of our Company. As of the Latest Practicable Date, the share capital of Nippon Shuichi is JPY475,600,000 with a total of 135,708 issued shares, which is owned by Hongdao Japan Holdings Limited and Nippon Hondo Co., Ltd. as to 97.57% and 2.43%, respectively, both of which are in turn wholly owned subsidiaries of Hongdao Holdings Limited, a wholly owned subsidiary of Leading Investment.

Shanghai Baby Elephant Cosmetic Sales Service Co., Ltd. (上海紅色小象化妝品銷售服務有限公司)

Baby Elephant Cosmetic Sales Service was incorporated in June 2018 and was then owned by Shanghai Hongdao Cosmetic Co., Ltd. (上海紅道化妝品有限公司, “**Shanghai Hongdao**”) and an Independent Third Party as to 60% and 40%, respectively. After several rounds of equity transfers, Shanghai Hongdao became the then sole owner of Baby Elephant Cosmetic Sales Service and in April 2021, it transferred its entire equity interest to Baby Elephant Cosmetic at a consideration of RMB10 million, equivalent to the amount of registered share capital of Baby Elephant Cosmetic Sales Service. Immediately after the transfer, Baby Elephant Cosmetic Sales Service became an indirect wholly owned subsidiary of our Company.

CONFIRMATION BY THE PRC LEGAL ADVISORS

As advised by our PRC Legal Advisors, (i) all the changes in the registered capital and shareholding of our Company, and any equity transfers in respect of our Company have been duly completed pursuant to the applicable PRC laws, regulations and rules and are legally valid under the applicable PRC laws, regulations and rules, and (ii) all necessary consents, approvals, authorizations and permissions required to be obtained for the Conversion, have been obtained, and all the Conversion steps have been duly completed pursuant to the applicable PRC laws, regulations and rules.

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PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the Pre-[REDACTED] Investments:

Investors	Series A Investors	Series B Investors
Date of investment agreement(s)	March 9, 2015 ^[1]	October 17, 2020 ^[1]
Amount of consideration paid	USD25,000,030 and RMB150,000,000 ^[2]	RMB430,000,000
Basis of consideration	The consideration was determined after arm’s length negotiations between the parties with reference to the business valuation of our Company, the timing of the investments and the prospect of our business.	
Date of which investment was settled	April 29, 2015	October 21, 2020
Approximate shareholding in our Company after completion of the Pre-[REDACTED] Investments and immediately before the [REDACTED]	2.12% ^[3]	6.62% ^[4]
Approximate investment cost per Share (RMB)	9.17 ^[3]	18.06
Discount to the [REDACTED] price ^[5]	[REDACTED]%	[REDACTED]%
Post-money valuation of our Company (RMB billion) ^[6]	3.30	6.5 ^[7]
Special rights	It is agreed that all the special rights granted to Ximei Investment and the Series B Investors respectively, including customary redemption right, anti-dilution right, redemption rights and liquidation preferences, shall lapse or be terminated upon the submission of the application documents for the [REDACTED] to the China Securities Regulatory Commission. As of the Latest Practicable Date, all such special rights were terminated. In the event that the application for [REDACTED] is rejected, denied or refused or approval for [REDACTED] is not granted, Ximei Investment and the Series B Investors shall have their respective special rights to become effective immediately.	

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Investors	Series A Investors	Series B Investors
Lock-up period	Our Shares held by the Pre-[REDACTED] Investors are subject to a lock-up period of 12 months after the date of [REDACTED] on the Stock Exchange. See “Share Capital” of this document for details.	
Use of proceeds	The proceeds have been utilized in full for the principal business of our Group, including, but not limited to, the growth and expansion of our Company’s business and general working capital purposes.	
Strategic benefits to our Company	At the time of the investments, our Directors were of the view that (i) the investments by these well-established investors demonstrated their confidence in our Company and served as an endorsement of our Company’s performance and prospect, while broadening our shareholder base and leading us to meet with other financial investors; and (ii) our Company would benefit from the additional capital that would be provided by the investors.	

Notes:

1. The investment agreement entered into between our Company and Ximei Investment was further supplemented by the first supplemental agreement dated October 17, 2020, the second supplemental agreement dated May 11, 2021 and the third supplemental agreement dated December 10, 2021, pursuant to which the special rights granted to Ximei Investment shall lapse or be terminated upon the submission of the application documents for the [REDACTED] to the China Securities Regulatory Commission.

The respective investment agreements entered into between our Company and each of the Series B Investors were supplemented by the supplemental agreements entered into between the same parties dated December 10, 2021, pursuant to which the special rights granted to each of the Series B Investors shall lapse or be terminated upon the submission of the application documents for the [REDACTED] to the China Securities Regulatory Commission.

2. The consideration paid by White Sand (HK) was USD25,000,030, which was equivalent to approximately RMB152,922,683.51, and the aggregate consideration paid by Shanghai Lianyi and Ximei Investment were RMB150,000,000.
3. Each of White Sand (HK) and Shanghai Lianyi sold their equity interest in our Company and no longer held any interest in our Shares as of the Latest Practicable Date. See “History, Conversion and Corporate Structure – Corporate Development – Subsequent Capital Increase and Equity transfer” for further details of their transfers. As such, the shareholding in our Company refers to that held by Ximei Investment only and the discount to the [REDACTED] price is calculated with reference to that of Ximei Investment only.

White Sand (HK) is a limited liability company incorporated under the laws of Hong Kong on April 1, 2014 and is wholly owned by Sunrise Technology Limited, a limited liability company incorporated under the laws of Hong Kong and was dissolved by deregistration on October 22, 2021. A Gazette Notice in relation to the deregistration of White Sand (HK) was published by the Registrar of Companies on October 8, 2021 and White Sand (HK) was dissolved by deregistration on February 4, 2022.

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Shanghai Lianyi, now known as Shanghai Lianxin Phase III Venture Capital Center (Limited Partnership) (上海聯新三期創業投資中心(有限合夥)), is a limited partnership established in the PRC. The general partner of Shanghai Lianyi is Shanghai Lianxin Haolan Enterprise Management Center (Limited Partnership) (上海聯新浩嵐企業管理中心(有限合夥)), a limited partnership established in the PRC and ultimately controlled by Mr. Qu Liefeng (曲列鋒), an Independent Third Party. Shanghai Lianxin Xinchuan Enterprise Management Centre (Limited Partnership) (上海聯新昕川企業管理中心(有限合夥)), being one of the limited partners of Shanghai Lianyi and holding 37.59% partnership interest in Shanghai Lianyi, is also ultimately controlled by Mr. Qu Liefeng (曲列鋒). The remaining limited partners of Shanghai Lianyi are Independent Third Parties and none of them holds more than one-third of the partnership interest in Shanghai Lianyi.

4. See “History, Conversion and Corporate Structure – Our Shareholding Structure” for further details of the shares held by each of the Series B Investors.
5. Calculated on the basis of the [REDACTED] of HK\$[REDACTED], the mid-point of the proposed range of the [REDACTED].
6. The consideration was determined after arm’s length negotiations between the parties with reference to, among others, the performance and prospect of the Group.
7. Calculated on the basis of the [REDACTED] of HK\$[REDACTED] (the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised), the valuation of the Company upon [REDACTED] will be approximately HK\$[[REDACTED]] million (the “**Proposed [REDACTED] Valuation**”). The increase in valuation from the investment by the Series B Investors to the Proposed [REDACTED] Valuation is mainly due to the following reasons: (i) the continuous progress of our business development and brand and product pipeline; and (ii) upon [REDACTED], the Company will have access to additional capital to fund its launches and expansions of brands and current research and development of the pipeline products.

Information about the Pre-[REDACTED] Investors

Ximei Investment (上海希美投資中心(有限合夥))

Ximei Investment is a limited partnership established in the PRC and is principally engaged in equity, venture capital and project investments. Shanghai Premium Bright Asset Management Partnership (Limited Partnership) (上海銘耀資產管理合夥企業(有限合夥), “**Premium Bright Asset Management**”), being the limited partner of Ximei Investment, and Shanghai Premium Bright Global Capital Co., Ltd. (上海銘耀股權投資管理有限公司, “**Premium Bright Global Capital**”), being the general partner of Ximei Investment, each holds 99% and 1% partnership interest in Ximei Investment.

Premium Bright Asset Management is a limited partnership established in the PRC, the partnership interest of which is held by Shanghai Boxin Enterprise Management Co., Ltd. (上海鉅信企業管理有限公司, “**Shanghai Boxin**”) and Mr. Zhang Huai’an as to 30% and 18.33%, respectively. Shanghai Boxin is ultimately held by Shanghai Shimao Co., Ltd (上海世茂股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600823) and an Independent Third Party. The general partner of Premium Bright Asset Management is Premium Bright Global Capital, which holds approximately 1.67% partnership interest in Premium Bright Asset Management. The remaining limited partners of Premium Bright Asset Management are Independent Third Parties and none of them holds more than one-third of the partnership interest in Premium Bright Asset Management.

HISTORY, CONVERSION AND CORPORATE STRUCTURE

Youngor Investment (雅戈爾投資有限公司)

Youngor Investment is principally engaged in industrial investment, investment management and consulting, manufacturing of garments, apparels, and leathers and designing and sales of textiles and is a limited liability company incorporated under the laws of PRC. Ms. Li Hanqiong (李寒窮), our non-executive Director, is the director and chief executive officer of Youngor Investment. See “Directors, Supervisors and Senior Management” of this document for details.

Youngor Investment is an indirect wholly owned subsidiary of Youngor Group Co., Ltd (雅戈爾集團股份有限公司, “**Youngor Group**”), a company listed on the Shanghai Stock Exchange (stock code: 600177), which is owned by Ningbo Youngor Holdings Co., Ltd. (寧波雅戈爾控股有限公司, “**Ningbo Youngor**”) as to 34.11%, and none of the remaining shareholders of Youngor Group holds more than one-third of the equity interest in it. Ningbo Youngor is wholly owned by Ningbo Shengda Development Co., Ltd. (寧波盛達發展有限公司), which in turn is held by Mr. Li Rucheng (李如成) (the father of Ms. Li Hanqiong (李寒窮)) and Ms. Li Hanqiong (李寒窮), our non-executive Director, as to 51% and 49%, respectively.

Shanghai Yingfu (上海盈輔企業管理合夥企業(有限合夥))

Shanghai Yingfu is a limited partnership established in the PRC and is principally engaged in providing business management consulting services. The limited partnership interest of Shanghai Yingfu is held by Ms. Yang Ping (楊萍), an Independent Third Party, as to approximately 62.74%. The general partner of Shanghai Yingfu is Shanghai Baiyin Investment Co., Ltd. (上海百銀投資有限公司), which holds approximately 0.01% partnership interest in Shanghai Yingfu and is ultimately controlled by Ms. Zhang Fenfei (張紛飛), an Independent Third Party. The remaining limited partners of Shanghai Yingfu are Independent Third Parties and none of them holds more than one-third of the partnership interest in Shanghai Yingfu.

Anxin Zhipu Investment (深圳安信智普投資諮詢合夥企業(有限合夥))

Anxin Zhipu Investment is a limited partnership established in the PRC and is principally engaged in providing equity investment, management, and consulting services. The partnership interest of Anxin Zhipu Investment is held by Mr. Zhao Bo (趙博), an Independent Third Party, and Beijing Xuri Zijin Investment Management Co., Ltd. (北京旭日紫金投資管理有限公司), which is the general partner of Anxin Zhipu Investment and is ultimately controlled by Mr. Zhao Bo, an Independent Third Party.

Mr. Zhang Huai’an (張懷安)

Mr. Zhang Huai’an holds approximately 18.33% partnership interest in Premium Bright Asset Management, which in turns holds 99% partnership interest in Ximei Investment. Mr. Zhang Huai’an also holds approximately 8% equity interest in Premium Bright Global Capital, the general partner of Ximei Investment. Mr. Zhang Huai’an was introduced to our Company by Ximei Investment, and is not a director or senior management of the Company.

HISTORY, CONVERSION AND CORPORATE STRUCTURE

Compliance with Interim Guidance

On the basis that (i) the consideration for the Pre-[REDACTED] Investments was settled more than 28 clear days before the date of our first submission of the [REDACTED] to the Stock Exchange in relation to the [REDACTED], (ii) the consideration for the investment by Series B Investors was settled no less than 120 clear days before the [REDACTED], and (iii) all special rights granted to the Pre-[REDACTED] Investors have been terminated or will cease to be effective prior to the [REDACTED], the Joint Sponsors have confirmed that the Pre-[REDACTED] Investments are in compliance with the Interim Guidance on Pre-[REDACTED] Investments issued by the Stock Exchange on October 13, 2010, as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012, as updated in July 2013 and March 2017, and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012, as updated in March 2017.

EMPLOYEE SHARE OWNERSHIP PLAN

We have established an employee share ownership plan (“**ESOP**”) since 2016 to attract and retain the talents, to provide incentives that align the interests of the Company and employees, and to facilitate the long-term development of the Company. The terms of the ESOP are not subject to the provisions of Chapter 17 of the Listing Rules. Hongyin Investment, Nanyin Investment and Shanghai Chengyin are our employee share ownership platforms. As of the Latest Practicable Date, Hongyin Investment and Nanyin Investment are holding 30.00% and 16.91% equity interest in the Company, respectively, and Shanghai Chengyin is holding 5% equity interest in Nanyin Investment. Certain grantees under the ESOP are subject to a lock-up period of four (4) years from January 1, 2021. For further details of the lock-up or other terms of the ESOP, see “Appendix VII – Statutory and General Information – 5. Employee Share Ownership Plan”.

GUIDANCE RECEIVED FOR POTENTIAL [REDACTED]

On February 22, 2021, our Company entered into a guidance agreement for the [REDACTED] in the A-share market (the “**Guidance Agreement**”) for the purposes of exploring the opportunity of establishing a capital market platform and receiving guidance from a qualified sponsor of A-share listing. Along with the development of our business, and considering that the Stock Exchange is an internationally recognized and reputable stock exchange and will therefore provide a good platform for us to raise capital from international investors, we decided to explore opportunities in overseas markets, and therefore we terminated the Guidance Agreement on December 22, 2021.

Since the execution of the Guidance Agreement and up to the Latest Practicable Date, the Company had not submitted any A-share listing application to the CSRC and had not received any comments or inquiries by the CSRC (including its local offices) in connection with the Guidance Agreement, and we were not aware of any material adverse finding about the Group by the sponsor providing the guidance.

HISTORY, CONVERSION AND CORPORATE STRUCTURE

To the best of our Directors’ knowledge and belief, our Directors are not aware of any other matters relating to the guidance mentioned above that might potentially affect the suitability of the Group to be listed on the Hong Kong Stock Exchange. Based on the due diligence works conducted by the Joint Sponsors, the Joint Sponsors were not aware of material adverse findings on the Group in relation to the previous attempt for A-share Listing.

PUBLIC FLOAT

Upon completion of the [REDACTED], the H Shares directly held by Mr. Lyu Yixiong, Shanghai Kans, Shanghai Shengyan, Hongyin Investment, and Nanyin Investment will not count towards the public float. Except as stated above, all the H Shares directly held by other Shareholders will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. See “Waivers from Compliance with the Listing Rules – Waiver in respect of public float requirement” and “– Corporate Structure – Corporate structure immediately following completion of the [REDACTED]” for further details.

Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are issued and sold in the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) [REDACTED] Shares are issued and outstanding upon completion of the [REDACTED], based on an [REDACTED] of HK\$[REDACTED] per Share (being the low-end of the indicative [REDACTED] range), the Company will have a market capitalization of at least HK\$[REDACTED].

LOCK-UP

Each of our existing Shareholders has undertaken not to transfer our Shares he/it held at the time of [REDACTED] within one year since the [REDACTED]. See “Share Capital – Lock-up Periods” for details.

HISTORY, CONVERSION AND CORPORATE STRUCTURE

OUR SHAREHOLDING STRUCTURE

The table below summarizes the shareholding structure of our Company as of the Latest Practicable Date and immediately prior to the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

Shareholder	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
	Number of Shares held	Approximate percentage of shareholding in the relevant Class of Shares	Approximate percentage of shareholding in total issued Share capital of our Company
Mr. Lyu Yixiong	147,440,000	40.96%	[REDACTED]
Hongyin Investment	108,000,000	30.00%	[REDACTED]
Nanyin Investment	60,880,000	16.91%	[REDACTED]
Shanghai Kans	10,560,000	2.93%	[REDACTED]
Mr. Zhang Huai’an	8,307,720	2.31%	[REDACTED]
Youngor Investment	8,307,720	2.31%	[REDACTED]
Ximei Investment	7,632,000	2.12%	[REDACTED]
Shanghai Yingfu	5,538,600	1.54%	[REDACTED]
Shanghai Shengyan	1,672,560	0.46%	[REDACTED]
Anxin Zhipu Investment	1,661,400	0.46%	[REDACTED]
Total	360,000,000	100%	[REDACTED]

Remarks:

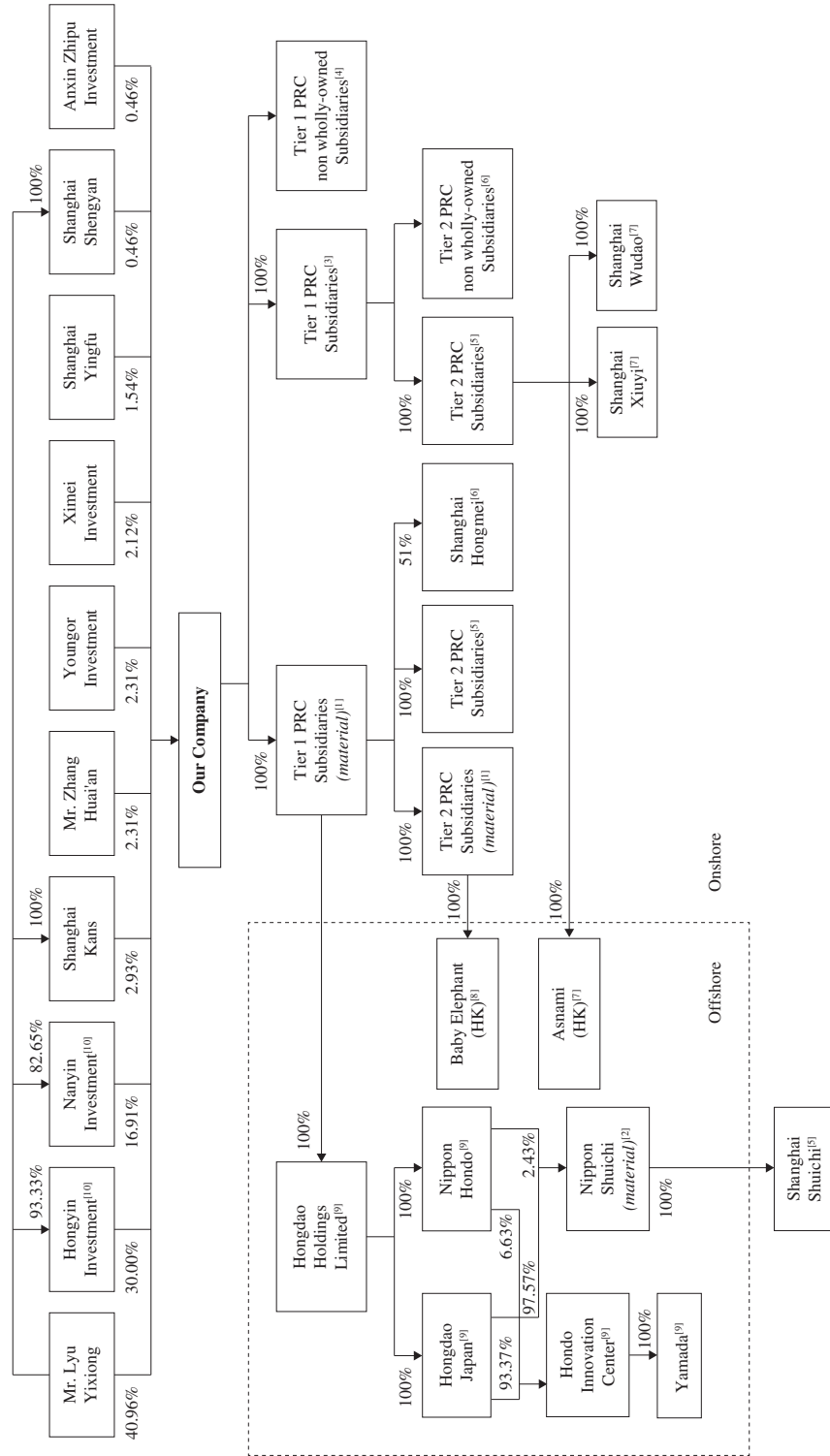
- (A) As of the Latest Practicable Date, the Shares held by these Shareholders are Domestic Shares.
- (B) Immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and conversion of Domestic Shares into H shares, the number of total issued Domestic Shares will be [REDACTED], accounting for approximately [REDACTED]% of the enlarged issued share capital after the [REDACTED].

HISTORY, CONVERSION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate structure immediately before completion of the [REDACTED]

The following chart sets forth our shareholding structure as of the Latest Practicable Date and immediately before completion of the [REDACTED]:



HISTORY, CONVERSION AND CORPORATE STRUCTURE

Notes:

1. There are six Tier 1 PRC subsidiaries directly wholly owned by our Company, namely: (1) Shanghai Shumei, (2) Shanghai Zhongyi, (3) Leading Investment, (4) Shanghai One Leaf, (5) Baby Elephant Cosmetic, and (6) Shanghai Kans Biotechnology, and three Tier 2 PRC subsidiaries indirectly wholly owned by our Company, namely: (1) Shanghai Kans Cosmetic Sales, which is wholly owned by Shanghai Kans Biotechnology, (2) Baby Elephant Cosmetic Sales Service, which is wholly owned by Baby Elephant Cosmetic, and (3) Shanghai One Leaf Network Technology Co., Ltd. (上海一葉子網絡科技有限公司) (“**Shanghai One Leaf Network**”), which is wholly owned by Shanghai One Leaf. These subsidiaries made a material contribution to our results of operations during the Track Record Period, details of which are set out in “– Our Key Subsidiaries and Major Shareholding Changes” in this section.
2. Nippon Shuichi is an overseas wholly owned subsidiary incorporated in Japan, which made a material contribution to our results of operations during the Track Record Period, details of which are set out in “– Our Key Subsidiaries and Major Shareholding Changes” in this section.
3. Other than the six Tier 1 PRC subsidiaries mentioned in Note 1 above, there are fourteen (14) Tier 1 PRC subsidiaries directly wholly owned by our Company, namely:
 - (1) Shanghai Hongdao;
 - (2) Shanghai Xingdao Culture Communications Co., Ltd. (上海星道文化傳播有限公司);
 - (3) Shanghai Aoye Cosmetic Co., Ltd. (上海澳葉化妝品有限公司) (“**Shanghai Aoye**”);
 - (4) Shanghai Naughty Pa Cosmetic Co., Ltd. (上海皮皮翁化妝品有限公司);
 - (5) Suzhou Industrial Park Lizi Cosmetic Co., Ltd. (蘇州工業園區黎姿化妝品有限公司);
 - (6) Shanghai Leading Cosmetic Co., Ltd. (上海朝尚化妝品有限公司);
 - (7) Shanghai Bio-G E-Commerce Co., Ltd. (上海白澳肌電子商務有限公司);
 - (8) Shanghai Jifang Cosmetics Co., Ltd. (上海極方化妝品有限公司);
 - (9) Shanghai Santian Cosmetic Co., Ltd. (上海三田化妝品有限公司);
 - (10) Shanghai Yimei Cosmetic Co., Ltd. (上海翊美化妝品有限公司);
 - (11) Shanghai Jinmei Biotechnology Co., Ltd. (上海錦美生物科技有限公司);
 - (12) Shanghai Qingdao Enterprise Management Co., Ltd. (上海青道企業管理有限公司) (“**Shanghai Qingdao**”);
 - (13) Shanghai Kelanlu Daily Chemical Co., Ltd. (上海科蘭露日化有限公司); and
 - (14) Shanghai Jinmao Biotechnology Co., Ltd. (上海金瑄生物科技有限公司) (“**Shanghai Jinmao**”).
4. There are two Tier 1 PRC non-wholly subsidiaries which are owned by our Company and other shareholders, details of which are set out in the table below. To the best information and knowledge of our Company, all the minority shareholders are Independent Third Parties:

Name of the Tier 1 PRC subsidiary	Approximate shareholding percentage held by our Company		Approximate shareholding percentage held by other shareholders	
Shanghai KPC Biotechnology Co., Ltd. (上海昆藥生物科技有限公司) (“ Shanghai KPC ”)	Our Company	51%	KPC Pharmaceuticals, Inc. (昆藥集團股份有限公司)	49%
Shanghai Yuzi Technology Co., Ltd. (上海魚子科技有限公司)	Our Company	60%	Gao Yu (高宇)	40%

HISTORY, CONVERSION AND CORPORATE STRUCTURE

5. Other than the two Tier 2 PRC subsidiaries mentioned in Note 1 above, there are eighteen (18) PRC subsidiaries indirectly wholly owned by our Company, namely:
- (1) Shanghai Kans Cosmetic Management Co., Ltd. (上海韓東化妝品經營有限公司), held through Shanghai Kans Biotechnology, which holds 100% equity interest in the company;
 - (2) Shanghai Dizun Cosmetic Co., Ltd. (上海帝尊化妝品有限公司), held through Shanghai Shumei, which holds 100% equity interest in the company;
 - (3) Shanghai Xiao Niangao Trade Co., Ltd. (上海小年糕貿易有限公司), held through Shanghai Shumei, which holds 100% equity interest in the company;
 - (4) Shanghai Chengdao Trade Co., Ltd. (上海橙道貿易有限公司), held through Shanghai Shumei, which holds 100% equity interest in the company;
 - (5) Shanghai Shangye Trade Co., Ltd. (上海尚葉貿易有限公司), held through Shanghai Shumei, which holds 100% equity interest in the company;
 - (6) Shanghai Yifeng Culture Communications Co., Ltd. (上海揖峰文化傳播有限公司), held through Baby Elephant Cosmetic, which holds 100% equity interest in the company;
 - (7) Shanghai Chubai Trade Co., Ltd. (上海初白貿易有限公司), held through Baby Elephant Cosmetic, which holds 100% equity interest in the company;
 - (8) Shanghai Hua Weimian Trade Co., Ltd. (上海花未眠貿易有限公司), held through Baby Elephant Cosmetic, which holds 100% equity interest in the company;
 - (9) Shanghai Duo Duo Ling Trade Co., Ltd. (上海哆哆靈貿易有限公司), held through Baby Elephant Cosmetic, which holds 100% equity interest in the company;
 - (10) Shanghai Maiya Tang Trade Co., Ltd. (上海麥芽棠貿易有限公司), held through Baby Elephant Cosmetic, which holds 100% equity interest in the company;
 - (11) Shanghai Maiba Network Technology Co., Ltd. (上海麥叭網絡科技有限公司), held through Shanghai Hongdao, which holds 100% equity interest in the company;
 - (12) Shanghai Cosmetea Cosmetic Co., Ltd. (上海珂思美媧化妝品有限公司), held through Shanghai Hongdao, which holds 100% equity interest in the company;
 - (13) Shanghai HiFace Cosmetic Co., Ltd. (上海赫妃拉化妝品有限公司), held through Shanghai One Leaf Network, which holds 100% equity interest in the company;
 - (14) Shanghai Huami Supply Chain Management Co., Ltd. (上海花迷供應鏈管理有限公司), held through Shanghai One Leaf Network, which holds 100% equity interest in the company;
 - (15) Shanghai Shuichi Bio-Technology Co., Ltd. (上海秀一生物科技有限公司) (“**Shanghai Shuichi**”), held through Nippon Shuichi, which holds 100% equity interest in the company;
 - (16) Shanghai Asnami, held through Shanghai Hongdao, which holds 100% equity interest in the company;
 - (17) Shanghai Xiao Jinmao Trade Co., Ltd. (上海小金帽貿易有限公司), held through Shanghai Jinmao, which holds 100% equity interest in the company; and
 - (18) Shanghai Yuemei Advertising Planning Co., Ltd. (上海越美廣告策劃有限公司), held through Shanghai Aoye, which holds 100% equity interest in the company.

HISTORY, CONVERSION AND CORPORATE STRUCTURE

6. There are three Tier 2 PRC non-wholly subsidiaries which are owned by the wholly owned subsidiaries of our Company and other shareholders, details of which are set out in the table below. To the best information and knowledge of our Company, all the minority shareholders are Independent Third Parties:

Name of the Tier 2 PRC subsidiary	Approximate shareholding percentage held by our Group		Approximate shareholding percentage held by other shareholders	
Shanghai Hongmei Cosmetic Co., Ltd. (上海虹美化妝品有限公司)	Shanghai Shumei	51%	Ningxia Aishizhuang Commercial Co., Ltd. (寧夏愛拾妝商業有限公司)	9.80%
			Qinghai Meiyue Trade Co., Ltd. (青海美越商貿有限公司)	9.80%
			Jining Qiaojiaren Trading Company (濟寧俏佳人商貿有限公司)	9.80%
			Weifang Lexin Economic and Trade Co., Ltd. (濰坊樂欣經貿有限公司)	9.80%
			Xuzhou Shengzhen Trading Company (徐州盛臻商貿有限公司)	9.80%
			Hangzhou Weicha Network Technology Co., Ltd. (杭州微茶網絡科技有限公司)	40%
Shanghai Teaz Cosmetic Co., Ltd. (上海茶媿化妝品有限公司)	Shanghai Hongdao	60%	Gongqingcheng Dajiao Investment Partnership (Limited Partnership) (共青城大腳投資合夥企業(有限合夥))	30%
			Liu Ming (劉明)	11%
Shanghai Yiye Biotechnology Co., Ltd. (上海怡頁生物科技有限公司) “Shanghai Yiye”	Shanghai Qingdao	51%	Liu Jianhong (劉建紅)	3%
			Shanghai Hongdao	5%

7. Shanghai Asnami, a company indirectly wholly owned by our Company (see Note 5 above), holds the entire equity interest in the following three subsidiaries: (1) Shanghai Xiuyi Cosmetic Co., Ltd. (上海秀翊化妝品有限公司) (“**Shanghai Xiuyi**”), (2) Shanghai Wudao Culture Communications Co., Ltd. (上海物道文化傳媒有限公司) (“**Shanghai Wudao**”), both of which were incorporated in the PRC, and (3) Asnami (Hong Kong) Trading Co., Limited (安彌兒(香港)貿易有限公司) (“**Asnami (HK)**”), a company incorporated in Hong Kong on March 24, 2020.
8. Baby Elephant (Hong Kong) Trading Co., Limited (紅色小象(香港)貿易有限公司) (“**Baby Elephant (HK)**”), a company incorporated in Hong Kong on April 6, 2020, is indirectly wholly owned by our Company through Baby Elephant Cosmetic Sales Service (see Note 1 above), which is in turn directly wholly owned by Baby Elephant Cosmetic (see Note 1 above).
9. Hongdao Holdings Limited, a company incorporated in the BVI on May 20, 2015, is indirectly wholly owned by our Company through Leading Investment. Hongdao Holdings Limited in turn holds the entire equity interest in Hongdao Japan Holdings Limited (“**Hongdao Japan**”), a company incorporated in the BVI on August 22, 2017, and Nippon Hondo Co., Ltd. (日本紅道株式會社) (“**Nippon Hondo**”), a company incorporated in Japan on July 30, 2015. Hongdao Japan and Nippon Hondo together hold the entire equity interest in Nippon Shuichi (see Note 2 above) and Hondo Innovation Center Co., Ltd. (紅道科研中心株式會社) (“**Hondo Innovation Center**”), both of which were incorporated in Japan on July 4, 2017 and October 11, 2016, respectively. Hondo Innovation Center further holds the entire equity interest in Yamada Labo Co., Ltd. (山田實驗室株式會社) (“**Yamada**”), a company incorporated in Japan on January 13, 2021.
10. Hongyin Investment, Nanyin Investment and Shanghai Chengyin (a 5%-shareholder of Nanyin Investment) are the employee ownership platforms of the Group. For further details, see “Appendix VII – Statutory and General Information – 5. Employee Share Ownership Plan”.

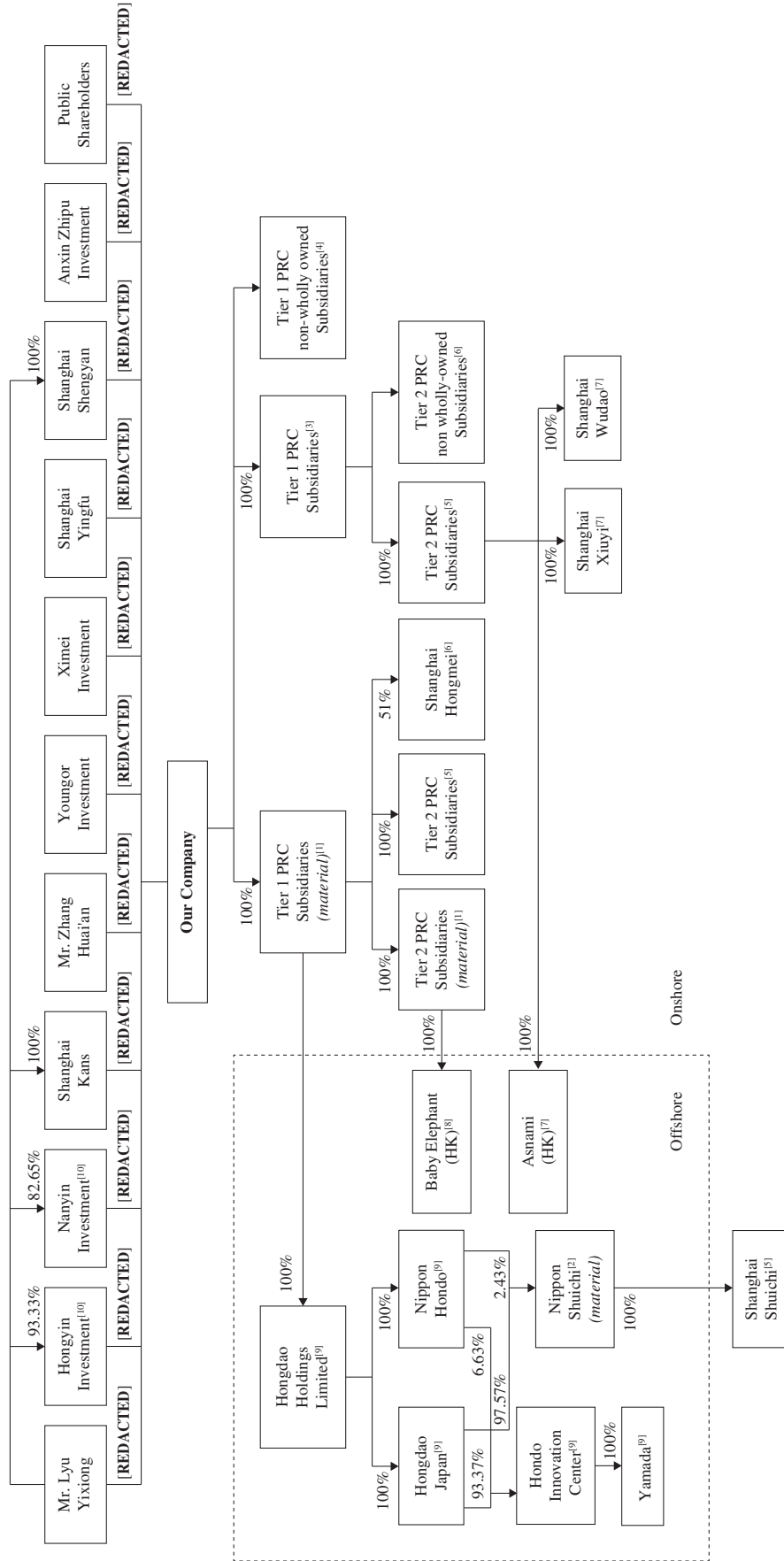
Remarks:

- (A) The Shares held by these Shareholders are Domestic Shares.

HISTORY, CONVERSION AND CORPORATE STRUCTURE

Corporate structure immediately following completion of the [REDACTED]

The following chart sets forth our shareholding structure immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes in the following shareholdings since the Latest Practicable Date):



HISTORY, CONVERSION AND CORPORATE STRUCTURE

Notes: See notes 1-10 in the paragraphs headed “History, Conversion and Corporate Structure – corporate structure immediately before completion of the [REDACTED]”.

11. Upon completion of the [REDACTED], the H Shares directly held by Mr. Zhang Huai’an ([REDACTED]), Youngor Investment ([REDACTED]), Ximei Investment ([REDACTED]), Shanghai Yingfu ([REDACTED]) and Anxin Zhipu Investment ([REDACTED]) will be count towards the public float.

Remarks:

- (B) The [REDACTED] Shares held by these entities and individuals will be converted into H shares.

Following the completion of the [REDACTED], there will be [REDACTED] Domestic Shares comprising (i) [REDACTED] Domestic Shares held by Mr. Lyu Yixiong, (ii) [REDACTED] Domestic Shares held by Hongyin Investment, (iii) [REDACTED] Domestic Shares held by Nanyin Investment, (iv) [REDACTED] Domestic Shares held by Shanghai Kans, (v) [REDACTED] Domestic Shares held by Mr. Zhang Huai’an, (vi) [REDACTED] Domestic Shares held by Youngor Investment, (vii) [REDACTED] Domestic Shares held by Shanghai Yingfu, (viii) [REDACTED] Domestic Shares held by Shanghai Shengyan.