
HISTORY, DEVELOPMENT AND REORGANIZATION

OUR HISTORY AND DEVELOPMENT

Overview

Our Founders, namely, Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen, who were parties acting in concert with each other, started our Group’s business in 2017. Prior to founding our Group, Ms. Ma had been working at an investment management firm, and by focusing on investments in cultural, entertainment and media resources industry, she accumulated insights in the empowerment that can be achieved through unique and valuable celebrity IPs. Leveraging her business connections, Ms. Ma became acquainted with Mr. Yang and Mr. Chen, representatives of Mr. Jay Chou’s artiste management companies and Mr. Jay Chou in the late 2000s when they jointly participated in other projects and cooperations. Mr. Yang and Mr. Chen are experienced in the entertainment industry as they have been working closely with well-known celebrities and are familiar with the public’s preference of entertainment content. Please refer to the section headed “Directors and senior management” to this document for the relevant experience of Ms. Ma, Mr. Yang and Mr. Chen. On the other hand, Ms. Yeh (the mother of Mr. Jay Chou) and Mr. Yang are accustomed to make their investment decisions collectively through entities jointly controlled by them. Together, Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen had been making key decisions in relation to the development of our business collectively since they were beneficially interested in our group companies and throughout the Track Record Period, and they entered into the Concert Party Agreement to acknowledge and confirm such arrangement. Please refer to the section headed “Relationship with our Controlling Shareholders – Concert Party Agreement” for further details.

Our Founders established our Group’s operating business focusing on new retail and IP creation and operation (the “[REDACTED] Business”) in 2017, and they expected to empower our distribution channels, products and consumer procurement in the new retail operations through our proprietary celebrity IPs and IP-oriented media content and events.

Our key milestones

The following is a summary of the key development milestones of our Group:

<u>Year</u>	<u>Event</u>
2017	Lead creator of <i>J-Style Trip</i> and we began planning the filming of <i>J-Style Trip</i> season one We provided sub-contracting service to Mr. Jay Chou’s world concert tour, <i>The Invincible</i> in 2017 and 2018
2018	We engaged business partners to produce and launched our skincare products, including <i>LA DEW</i> Hydrating Brightening Treatment Mask We started developing the prototypes of <i>MODONG</i> coffee

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Year	Event
2019	<p>We officially launched <i>MODONG</i> coffee on a nationwide scale in April and established the Distribution Agent Assisted Distribution Model and system for other products distributed through the same channel</p> <p>Creation and debut of <i>ChouMate</i>, and we launched the “<i>ChouMate</i> Little Musician” collection set in collaboration with Shanghai Pudong Development Bank</p> <p><i>MODONG</i> coffee received the Popularity Award of PCLADY Beauty Award</p> <p>We planned the Zhanjiang Superstar Concert in Zhanjiang</p>
2020	<p>We planned and invested in the Star Plus Action Mega Night in Ningbo</p> <p>Premiere of <i>J-Style Trip</i> season one on various viewing platforms including Zhejiang Satellite TV and Netflix</p> <p>The “<i>ChouMate</i>” pop toy collection in collaboration with Pop Mart was launched</p>
2021	<p>We officially launched two new lines of skincare products, <i>Dr.mg</i> and <i>Chaxiaojie</i></p> <p>We planned an online music talk show <i>You Can Run But You Can’t Hide</i> (既來之則樂之) during Chinese New Year, based on which we plan to launch a weekly online music talk show to be broadcasted in the second half of 2023</p> <p>We launched other health management products, including <i>MODONG</i> flavored bubbly water and <i>MODONG</i> konjac river snail noodle</p> <p>We established new distribution channels, including entering into a main distribution agreement for the distribution of <i>MODONG</i> flavored bubbly water and the <i>Star Plus 4U</i> platform was launched</p> <p>We started the filming and production of the <i>J-Style Trip</i> season two</p> <p>We were appointed as the sole agent to manage Mr. Liu Keng-hung’s commercial activities in the PRC, and we assisted him developing into a popular KOL in the fitness and body-building sector in the PRC</p>

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Year	Event
2022	<p>We have been in collaboration with Mr. Liu Keng-hung to develop his public persona on social media platforms, which had achieved remarkable popularity since April</p> <p>We created a <i>Douyin</i> account under the name of “劉畊宏肥油咔咔掉” to promote our products with the cooperation with Ms. Vivi Wang and other KOLs</p> <p>We planned several IP events and programs that were centered around Mr. Jay Chou, including (i) Mr. Jay Chou’s online music show (周杰倫線上哥友會) which was first aired on online platform(s) owned by <i>Kuaishou</i> in November 2022; (ii) the World Cup-related variety show, being a spin-off of <i>J-Style Trip</i> season two (《周遊記2》世界杯番外篇) which was first aired on online platform(s) owned by Migu (咪咕) in November 2022; and (iii) another World Cup-related music show which was first aired on online platform(s) owned by Migu in December 2022</p>

Our major subsidiaries

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

Name of major subsidiary	Principal business activities
Star Plus (Kunshan)	IP planning, management and licensing at the onshore level
Kunshan Star Plus Action	Product development, customer service and order fulfillment for new retail business
Star Plus Development	IP planning, management and licensing at the offshore level
Beijing Star Plus Master	Planning of television, online programs and concerts
Talent Planet	Planning and management services in respect of the entertainment and performance business for celebrities
Kunshan Tingshe ^(Note)	Development and management of the distribution network for Kunshan Tingshe Distributed Products and providing training to distributors on sales and marketing techniques

Note: Kunshan Tingshe was disposed in May 2020. For details, please refer to the paragraphs headed “Our major subsidiaries – Kunshan Tingshe” in this section.

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Star Plus (Kunshan)

On November 4, 2015, Star Plus (Kunshan) was established as a company with limited liability in the PRC with a registered capital of RMB2,000,000. Prior to the commencement of the [REDACTED] Business in 2017, Star Plus (Kunshan) was an intermediate holding company.

Star Plus (Kunshan) was authorized by Star Plus Development and JVR Music to operate our IP licensing business for *ChouMate* within the PRC, and is responsible for the creation of our IPs, including *J-Style Trip* season one.

Shareholding changes of Star Plus (Kunshan)

The original shareholders of Star Plus (Kunshan) were Beijing Jushi Music Culture Development Co., Ltd. (北京巨室音樂文化發展有限公司) (“**Beijing Jushi Music**”), Kunshan Renben and Lhasa Juchuang, and they held 40%, 30% and 30% of Star Plus (Kunshan)’s equity interest, respectively.

Beijing Jushi Music was a former business partner of Mr. Yang, Mr. Chen, and is an Independent Third Party. On August 21, 2017, Beijing Jushi Music agreed to sell and Shanghai Yige agreed to purchase 40% of the equity interest in Star Plus (Kunshan) at a consideration of RMB800,000, which was based on the registered capital to be subscribed by Shanghai Yige. Upon the completion of the abovementioned transfer and as at January 1, 2019, the shareholding structure of Star Plus (Kunshan) was as follow:

<u>Name of registered shareholder</u>	<u>Percentage of equity interest</u>	<u>Relationship with our connected person(s)</u>
Shanghai Yige	40%	Mr. Yang, Ms. Yeh and Mr. Chen were the beneficial owners of the equity interest of Star Plus (Kunshan) held by Shanghai Yige ⁽¹⁾
Kunshan Renben	30%	Ms. Ma was the beneficial owner of the equity interest of Star Plus (Kunshan) held by Kunshan Renben ⁽²⁾
Lhasa Juchuang	30%	N/A

Notes:

- (1) Pursuant to the shareholding entrustment agreements dated July 10, 2017 and entered into between Shanghai Yige and each of Mr. Yang, Ms. Yeh and Mr. Chen, Shanghai Yige held 15%, 15% and 10% of Star Plus (Kunshan)’s equity interest on behalf of Mr. Yang, Ms. Yeh and Mr. Chen, respectively, and exercised the shareholder rights on each of their behalves. Such arrangement was terminated when Shanghai Yige transferred the entrusted shareholding in Star Plus (Kunshan) to Shanghai Sidapu Commercial Management Company Limited (上海斯達普商業管理有限公司) (“**Shanghai Sidapu**”), a company established in the PRC with limited liability and a wholly-owned subsidiary of Star Plus Entertainment as at the date of such transfer. As the registered shareholder of Shanghai Yige was not jointly owned by Mr. Yang, Ms. Yeh and Mr. Chen, a shareholding entrustment agreement was entered into amongst Mr. Yang, Ms. Yeh, Mr. Chen and Shanghai Yige to set out their beneficial interest in Star Plus (Kunshan).

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- (2) Pursuant to the shareholding entrustment agreement dated April 18, 2017 and entered into between Kunshan Renben and Ms. Ma, Kunshan Renben held 30% of Star Plus (Kunshan)’s equity interest on behalf of Ms. Ma and exercised the shareholder rights on her behalf, and the rights and obligations with respect to the entrusted shareholding shall vest in Ms. Ma. Such arrangement was terminated when Kunshan Renben transferred the entrusted shareholding in Star Plus (Kunshan) to Shanghai Sidapu. From Kunshan Renben’s establishment to April 2017, Ms. Ma was indirectly interested in 93.1% of Kunshan Renben’s equity interest. As Ms. Ma transferred her entire shareholding in such holding company to Lee, Chiu-yuan (Ms. Ma’s sister-in-law) in April 2017, she entered into the shareholding entrustment agreement to maintain her beneficial interest in Kunshan Renben after such transfer.

When Star Plus (Kunshan) was established, Ms. Ma through her personal network invited Lhasa Juchuang as an investor and Lhasa Juchuang was particularly interested in the esports-related business initiative contemplated. To the knowledge of our Company, Lhasa Juchuang and its shareholders, namely Wang Xiaoping (王孝萍) and Wang Guiqing (王貴青), are Independent Third Parties and previously invested in the TMT sector. Lhasa Juchuang disposed of its interest in Star Plus (Kunshan) after we no longer held any equity interest in Jesports (Kunshan) and Jushi Creative which engaged in, amongst others, the esports-related business.

Separation of distinct business lines under Star Plus (Kunshan)

Apart from the [REDACTED] Business, Star Plus (Kunshan)’s subsidiaries have engaged in, amongst others, the planning, operation and franchising of Internet cafes and organization of e-sports competition since 2016 and intended to engage in asset management through Jesports (Kunshan) and Jushi Creative, each of them being a wholly owned subsidiary of Star Plus (Kunshan). To separate businesses which are clearly distinct from the [REDACTED] Business and have independent and separate management teams with the [REDACTED] Business, Star Plus (Kunshan) sold its entire equity interest in Jesports (Kunshan) and Jushi Creative to Shanghai Yige, Kunshan Renben and Lhasa Juchuang in July 2019 and August 2019, respectively based on the target company’s respective net assets value as of July 31, 2019 and August 31, 2019, respectively.

The financial results of Jesports (Kunshan) and Jushi Creative were not consolidated in our accounts during the Track Record Period as their business activities are clearly different from the [REDACTED] Business and hence do not form part of our Group. As advised by our PRC Legal Advisors, prior to the above disposals, Jesports (Kunshan), Jushi Creative and each of their subsidiaries were not in violation of all applicable laws, rules and regulations in the PRC in all material respects.

Lhasa Juchuang intended to dispose of its equity interest in Star Plus (Kunshan) in 2017 when the intention to separate the distinct business lines under Star Plus (Kunshan) as mentioned above was initiated, given Lhasa Juchuang was mainly interested in the business operated by Jesports (Kunshan) and Jushi Creative. Such intention was materialized in 2019. Following the disposal of Jesports (Kunshan) and Jushi Creative, Lhasa Juchuang sold its equity interest in Star Plus (Kunshan) to Mr. Lai and Mr. Ho. For details, please refer to the paragraph headed “[REDACTED] Investments – Share transfers to Mr. Lai and Mr. Ho” in this section below. Certain equity transfers of Star Plus (Kunshan) were also conducted subsequently pursuant to the Reorganization. Upon completion of the Reorganization and the [REDACTED] Investments, Star Plus (Kunshan) became an indirect wholly-owned subsidiary of our Company.

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Kunshan Star Plus Action

On March 17, 2016, Kunshan Star Plus Action was established as a company with limited liability in the PRC with a registered capital of RMB10,000,000 and its equity interest was initially wholly owned by Jushi Creative, a subsidiary of Star Plus (Kunshan). Kunshan Star Plus Action is our main subsidiary involved in new retail operations, including product development, customer services and order fulfillment since it commenced its business operations in 2018. Prior to that, Kunshan Star Plus Action was a holding company.

On September 30, 2018, as part of our Group’s internal reorganization, Jushi Creative sold the entire equity interest in Kunshan Star Plus Action to Star Plus (Kunshan) at a consideration of RMB10,000,000 based on the valuation of Kunshan Star Plus Action as of March 31, 2018. The consideration under the transfer has been settled and the transaction has been duly and legally completed, and its relevant registration has been completed.

An equity transfer of Kunshan Star Plus Action was conducted subsequently as part of the Reorganization. Upon completion of the Reorganization, Kunshan Star Plus Action became an indirect wholly-owned subsidiary of our Company. For details, please refer to the paragraph headed “Reorganization” in this section. As at the Latest Practicable Date, the registered capital of Kunshan Star Plus Action was RMB100,000,000.

Star Plus Development

On December 21, 2007, Star Plus Development was established as a BVI business company in the BVI with limited liability. The share subscribed by Star Plus Development’s initial subscriber, an Independent Third Party, was transferred to Mr. Lai in December 2014. Star Plus Development was a holding company prior to 2017. In order to allow us to commence our offshore operations and for our Founders’ convenience to designate a person to handle the administrative matters, our Founders entrusted Mr. Lai who has been closely involved in the establishment of our business to hold 43%, 21.5%, 21.5% and 14% of Star Plus Development’s interest on behalf of Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen, respectively, since the commencement of the Track Record Period. On June 28, 2018, Mr. Lai transferred the entire issued share capital of Star Plus Development to Great Essence at a nominal consideration with reference to the arrangement amongst our Founders and Mr. Lai that Great Essence shall hold the interest of Star Plus Development on behalf of Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen as to 43%, 21.5%, 21.5% and 14%, respectively. Upon completion of the Reorganization, Star Plus Development became an indirect wholly-owned subsidiary of our Company. For details, please refer to the paragraph headed “Reorganization” in this section.

Star Plus Development is the holder of most of our IPs.

Beijing Star Plus Master

On November 6, 2017, Beijing Star Plus Master was established as a company with limited liability in the PRC with a registered capital of RMB3,000,000 and since its establishment its equity interest was owned by Star Plus (Kunshan) and Beijing Master as to 70% and 30%, respectively. Beijing Star Plus Master is our principal subsidiary for the planning of our television and online programs, including *J-Style Trip* season one, and our concerts.

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Talent Planet

On November 26, 2021, Talent Planet was established as a company with limited liability in Hong Kong. Since its date of incorporation, it was owned by Star Plus IP and W&V as to 70% and 30%, respectively. Talent Planet is principally engaged in planning and management services in respect of the entertainment and performance business for celebrities, such as Mr. Liu Keng-hung, and management of celebrities' commercial activities in the PRC.

Kunshan Tingshe

On June 18, 2019, Kunshan Tingshe was established as a company with limited liability in the PRC with a subscribed registered capital of RMB1,000,000 and its equity interest was owned by Kunshan Star Plus Action and Li Ting as to 80% and 20%, respectively. The subscribed registered capital of Kunshan Tingshe was increased to RMB30,000,000 on August 5, 2022. Pursuant to the articles of association, shareholders of Kunshan Tingshe are only required to contribute Kunshan Tingshe's registered capital by December 31, 2049, and none of the shareholders of Kunshan Tingshe contributed any of their subscribed registered capital as at the Latest Practicable Date.

Kunshan Tingshe's principal business activities, i.e. development and management of distribution network for Kunshan Tingshe Distributed Products and training for distributors on sales and marketing techniques, were under the leadership of Li Ting since its establishment. Expansion of a distribution network requires numerous distributors and sub-distributors, which require development and management. Thus, Kunshan Tingshe, being a Distribution Agent, (i) develops and manages our distribution network in a micro aspect in order to attract more potential sub-distributors or end consumers to consume our products and/or join our distribution network; and (ii) continuously provides trainings on sales and marketing techniques to distributors and sub-distributors. Li Ting, as the leader of Kunshan Tingshe, is responsible for setting the goals, target and strategic objectives for development and management of our distribution network, while the implementation thereof are delegated to certain distributors with managerial responsibilities, including the Selected Distributors.

Li Ting

Li Ting has established her social and business network through her experience of more than seven years in new retail industry by engaging in distribution and sales of skincare products, and is an Independent Third Party. Our Group, Founders, senior management and their respective associates did not have any past or present relationship or dealing (including family, business, employment, trust and financing) with Li Ting and her associates in any material respect, other than the Individual Proprietor and company established by Li Ting, herself being our distributor and her interest in Kunshan Tingshe, and there are transactions between Kunshan Tingshe and Li Ting in relation to the sales and purchase of Kunshan Tingshe Distributed Products and other products offered (e.g. skincare products and other health management products). There are no other arrangements or understanding between Li Ting and our Shareholders in relation to the management, business and operations of our Group and Kunshan Tingshe.

Before Li Ting cooperated with us, she accumulated experience and built a network in selling women's apparel and skincare products, and she and her team had already proved their ability to generate sales for products and clinched their status as a team of outstanding

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distributors. Li Ting aged 45, has engaged in her own trading business since 2003. As confirmed by Li Ting and to the best knowledge of our Directors, Li Ting operated around nine retail outlets, including fashion accessory stores, apparel retailers and nail salons. These retail outlets were located in Ningbo, which were ran by Li Ting and her relatives, and its customers were individuals who required such products or services for themselves. These retail outlets were originally targeted towards women and sold affordable clothing, and subsequently as a result of business diversification, Li Ting established other outlets which sold relatively high-end apparel and men's apparel. In around 2008, she sold her interest in the abovementioned retail outlets and began to engage in the wholesale and distribution of apparel products, which were mainly wool cashmere supplied by manufacturers and the annual turnover was around RMB30 million. She then expanded the product offering in 2014 to include skincare products such as facial masks. Li Ting's wholesale and distribution operations was based in Ningbo, employed up to seven employees, and its customers or distributors were mainly entities which purchased such products for their onward sell. During such period, she accumulated customer base and knowledge in the consumption preference of female consumers and also made acquaintance with various business partners, including key downstream (such as owners of retail outlets) and upstream stakeholders (such as product suppliers) of her wholesale and distribution business. These partners worked closely together with Li Ting to understand consumers' preference and devised plans to expand their business scale, distribution channels and market share.

In 2015, as the PRC social e-commerce industry began to experience a rapid growth, Li Ting, together with her team (some of them being the key business partners of Li Ting's wholesale and distribution business and became our Selected Distributors), started to expand their sales channel by making use of their social network to sell skincare products, which was her first step in the social e-commerce business, hence she was considered as an early mover in the new retail industry. As Li Ting and her team found it easier to reach their targeted consumer group by using their PDT and social media platforms, they gradually focused more of their efforts on the social e-commerce business. Li Ting's soft skills can be applied to distributing other products and not limited to apparel products. In addition, she has accumulated a network of customers who may be also the target consumer group of our products. Further, Li Ting obtained the Award for Outstanding Women in Business in the New Era granted by PCLADY in 2019.

Our business relationship with Li Ting commenced in January 2018 when our products (including *LA DEW* facial masks) were first introduced to Li Ting and her team by the abovementioned marketing and consultancy company which was responsible for our brand building activities and developing our sales channels, and after being aware of our products, they began to sell our products as our distributor. Ms. Ma and Li Ting first became acquainted with each other at our product launch conference in April 2018. In 2018, discounts and incentives paid to Li Ting in connection with the sale of our products amounted to approximately RMB1.0 million.

In early 2019, when we were preparing to launch *MODONG* coffee and designing its distribution model, noticing Li Ting and her team's performance in distributing our then existing products and her expertise and network in the sales and marketing of products targeted at female consumers, Ms. Ma reached out to Li Ting and invited her to establish the distribution model and network together. As Li Ting was of the view that (i) health management would be a rising trend in the future, and she personally tried *MODONG* coffee and was satisfied of its product attributes; (ii) her satisfactory and solid prior working experience with us; (iii) her expectation that with the support of our IP creation and operation segment it would be advantageous for her

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to extend the reach of our products; and (iv) cooperation with us represents a good opportunity for her to utilize her prior experience, knowledge and network in the retail industry to develop a distribution business under her leadership, she decided to establish a stronger relationship with us by being responsible of *MODONG* coffee's distribution arm.

Disposal of our interest in Kunshan Tingshe

The main reason of establishing Kunshan Tingshe as our 80%-controlled subsidiary in June 2019 was for risk management purpose as we had to ensure that the distribution network and marketing activities of *MODONG* coffee were properly managed, especially at the initial stage and we could provide support and guidance and communicate with Li Ting closely to ensure that Kunshan Tingshe properly performed its expected function. At the same time, Li Ting had been working closely with us to establish the distribution network and the underlying policies and mechanisms for the distribution of *MODONG* coffee, and she was of the view that it would be more effective for her to develop the distribution network for *MODONG* coffee and her cooperation with us would be more solid and formalized if it can be demonstrated that she received our endorsement through her co-ownership in the Distribution Agent with us.

After working closely with Li Ting for a year, in early 2020, the respective roles of Kunshan Star Plus Action and Kunshan Tingshe as the brand owner and Distribution Agent of *MODONG* coffee were well recognized. We have established mutual trust and confidence with Li Ting, were confident of the capabilities of Li Ting to continuously develop and maintain the distribution network of *MODONG* coffee for us, and were of the view that Kunshan Tingshe could operate independently, hence we agreed that it was no longer necessary for us to hold any equity interest in Kunshan Tingshe. From Li Ting's perspective, as (i) she has been heavily involved in developing the distribution network for *MODONG* coffee, devoted considerable time to handle the operation of Kunshan Tingshe since its establishment, and had a proven track record as witnessed by the expansion of *MODONG* coffee's distribution network till May 2020; and (ii) she intends to expand Kunshan Tingshe's business towards distribution and sales of apparel products which is not in line with our principal business activities, she was willing to acquire the entire interests in Kunshan Tingshe.

The disposal of our interest in Kunshan Tingshe was in line with our corporate strategy as we generated revenue in the new retail segment through sales of products including but not limited to *MODONG* coffee. We also intend to focus on the planning and research and development of new products and brands as well as the planning and development of IP content and its licensing, rather than the management functions assumed by the Distribution Agent which has all along been under the leadership of Li Ting. After the disposal, Kunshan Tingshe remains as the Distribution Agent for our Kunshan Tingshe Distributed Products and the role and function of Kunshan Tingshe and Li Ting as well as the contractual and business relationship between Kunshan Tingshe and us remain unchanged.

On May 31, 2020, Kunshan Star Plus Action agreed to sell and Li Yanqing (李炎慶), an Independent Third Party, agreed to purchase 80% of the equity interest in Kunshan Tingshe at a consideration of RMB800 which was determined with reference to the net liability of Kunshan Tingshe as of May 31, 2020. The consideration of the transfer was fully settled and the transfer was duly and legally completed, and its relevant registration has been completed. Our Directors are of the view that the disposal of our interest in Kunshan Tingshe did not have any material impact on our business operations and financial performance as our business focus and major revenue stream remain unchanged.

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To our Company’s knowledge, Li Yanqing has been holding 80% of Kunshan Tingshe’s equity interest on behalf of Li Ting since Li Ting was busy handling the affairs of Kunshan Tingshe, in particular, she was required to travel frequently to different parts of PRC to attend and organize marketing and training activities for Kunshan Tingshe Distributed Products in respect of the sales and marketing techniques such as regional sales forum and distributors promotion meetings. Li Yanqing and Li Ting known each other since 2017, and developed mutual trust as Li Ting perceived Li Yanqing have to be honest and reliable, and Li Yanqing has already been aware of Li Ting’s reputation and stature in the social e-commerce industry, hence he is willing to assist her in miscellaneous duties. As Li Yanqing has retired and lives in Kunshan and despite he is not required to be involved in the daily operations of Kunshan Tingshe, Li Ting was of the view that it would be more convenient for him to handle corporate or administration related matters of Kunshan Tingshe by assuming the role of legal representative of Kunshan Tingshe. Based on the agreements entered into between Li Ting and Li Yanqing, (i) Li Ting enjoys the shareholder’s right and is entitled to the investment income attributable to the 80% equity interest of Kunshan Tingshe (the “**Entrusted Interest**”) held by Li Yanqing, whilst Li Yanqing shall only be the nominee shareholder of the Entrusted Interest without any profit distribution rights and is not entitled to any gains received from the disposal of the Entrusted Interest; and (ii) Li Yanqing shall exercise the voting rights of the Entrusted Interest pursuant to the instructions of Li Ting; and after making due enquiries, to our best knowledge, Li Yanqing and Li Ting has complied with the terms of such agreements.

Save as disclosed herein, there are no past and present relationship (including, without limitation, business, family, trust, employment, shareholding, financing or otherwise) between Li Yanqing and us, our Directors, Shareholders, senior management, or any of their respective associates. Apart from Kunshan Tingshe, Li Yanqing has not held and does not hold any interest in any other companies for and on behalf of Li Ting.

Principal business activities and financial performance of Kunshan Tingshe

As at the Latest Practicable Date, apart from the provision of distribution agent services, Kunshan Tingshe and its subsidiaries also provided garment trading services and various beauty and health services, including Chinese medicine consultation and therapy, facial treatments and massages.

In 2019, Kunshan Tingshe and its subsidiaries recorded net profit of RMB718,000 from its distribution agent services, and net profit of nil from its other businesses. Kunshan Tingshe and its subsidiaries recorded a net loss of RMB945,000 during the five months ended May 31, 2020 (i.e. the period before our disposal of Kunshan Tingshe), which was mainly due to the advertising and marketing expenses incurred in relation to the promotion of *J-Style Trip* season one. The financial results of Kunshan Tingshe were consolidated in our financial statements since its establishment till May 31, 2020. For the seven months ended December 31, 2020 (i.e. the period after our disposal of Kunshan Tingshe), Kunshan Tingshe recorded a net profit of RMB2.5 million, among which, RMB2.4 million was generated from its distribution agent services, which was mainly attributable to the Additional Incentive Fee to Kunshan Tingshe recorded and the decrease in advertising and marketing expenses during the relevant period. In 2021, Kunshan Tingshe and its subsidiaries recorded net loss of RMB2.0 million and RMB2.6 million, from its distribution agent services and other businesses, respectively. To our best knowledge, information and belief, Kunshan Tingshe recorded a net loss in 2021 mainly due to (i) the decrease in the revenue generated from its distribution agent services due to a decrease in the sale of *MODONG* coffee in 2021; (ii) the fact that no Additional Incentive Fee to Kunshan

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Tingshe was paid to Kunshan Tingshe in 2021 as the sale volume of *MODONG* coffee through Kunshan Tingshe did not meet the prescribed threshold; and (iii) the increase in selling expenses and staff costs in connection with its other business activities. In 2022, Kunshan Tingshe and its subsidiaries recorded a net profit of RMB338,000 from its distribution agent services and a net loss of RMB1.1 million from other business. In addition, Kunshan Tingshe and its subsidiaries recorded net assets of RMB718,000 and RMB2.2 million as of December 31, 2019 and 2020, respectively, and net liabilities of RMB2.4 million and RMB3.1 million as of December 31, 2021 and 2022, respectively.

Notwithstanding Kunshan Tingshe and its subsidiaries recorded net liabilities position as of December 31, 2021 and 2022, in the best knowledge of our Directors, Kunshan Tingshe and its subsidiaries are able to continue their business as a going concern, taking into account that (i) Li Ting, being the shareholder and leader of Kunshan Tingshe and received substantial service fee from Kunshan Tingshe, would be able to provide continual financial support and adequate funds to Kunshan Tingshe and its subsidiaries to enable them to meet their liabilities as and when they fall due; (ii) Kunshan Tingshe has recorded a net profit of RMB338,000 from its distribution agent services in 2022, as compared to a net loss of RMB2.0 million in 2021; and (iii) the expected demand of our *MODONG* coffee will resume back to normal gradually in 2023 and going forward considering the relaxation of restrictions to combat the COVID-19 in the PRC.

Under the pricing arrangement between our Group and Kunshan Tingshe in respect of the distribution of the Kunshan Tingshe Distributed Products, a substantial portion of the Fixed Mark-up would be utilized for the payments of the discounts, incentives and fees to our distributors as well as the Service Fees to Li Ting. Taking into account of the estimated expenses to be incurred by Kunshan Tingshe in, among other things, the marketing and promotion activities for the development of the distribution network, our Directors are of the view that Kunshan Tingshe would not record material profit or loss from its distribution agent business provided to our Group. For details of the pricing arrangement, please see “Distribution arrangement with Kunshan Tingshe – Pricing arrangement and discounts, incentives and fees in relation to the sales of Kunshan Tingshe Distributed Products” in this document. Our Directors are of the view, and the Sole Sponsor concurs, that there is no material concern on the sustainability of the business of Kunshan Tingshe and its subsidiaries and that there would not be material adverse effect on the Group’s business operation and financial performances, on the following basis:

- (i) under the aforesaid pricing arrangement, Kunshan Tingshe would not record material profit or loss from its distribution agent services provided to us. In particular, Kunshan Tingshe and its subsidiaries generated an overall net profit of RMB471,000 from its distribution agent business during the four years ended December 31, 2022;
- (ii) the net loss position of Kunshan Tingshe and its subsidiaries for 2022 was mainly attributable to its other business but not the distribution agent services. To the best knowledge and belief of our Directors, Kunshan Tingshe and its subsidiaries recorded losses from its other business, including garment trading services and various beauty and health services which are not related to our Group, primarily because such businesses were still at an early development stage and were adversely affected by the COVID-19 pandemic; and

HISTORY, DEVELOPMENT AND REORGANIZATION

- (iii) despite that Kunshan Tingshe and its subsidiaries did not record any material profit or loss since its incorporation in 2019, Li Ting, being the key person in the business of Kunshan Tingshe, was entitled to substantial amounts of service fees through the distribution agent services provided by Kunshan Tingshe to our Group. During the four years ended December 31, 2019, 2020, 2021 and 2022, the Service Fees to Li Ting amounted to RMB3.3 million, RMB18.0 million, RMB12.9 million and RMB7.4 million, respectively. Accordingly, our Directors consider that Li Ting has been properly rewarded for the distribution agent services provided by Kunshan Tingshe to our Group. In addition, we expect that the demand of our *MODONG* coffee will resume back to normal gradually in 2023 and going forwarding following the relaxation of restrictions to combat the COVID-19 pandemic in the PRC. Based on the above, our Directors are of the view that Li Ting would be able to continuously provide financial support to Kunshan Tingshe.

As at the Latest Practicable Date, we did not have any intention to change our pricing arrangement with Kunshan Tingshe and it is expected that such arrangement will remain the same in all material respects after our [REDACTED]. We have undertaken to the Stock Exchange that, in the event that (i) there is any material change in the aforesaid arrangement with Kunshan Tingshe; or (ii) we became aware of any material change in the arrangement between Kunshan Tingshe and Kunshan Jiameng, after [REDACTED], we will issue an announcement setting out details of the changes as soon as practicable.

As advised by our PRC Legal Advisors, (i) prior to the disposal of Kunshan Tingshe, it had not been in violation of all applicable laws, rules and regulations in the PRC in all material respects; and (ii) after the disposal of Kunshan Tingshe and up to the Latest Practicable Date, Kunshan Tingshe had not been subject to any material administrative penalties for material breach of relevant laws and regulations, and there was no ongoing or pending litigation or legal proceedings against Kunshan Tingshe which would have a material adverse effect on the Company.

OUR CONTROLLING SHAREHOLDERS

Our Founders, together with their respective intermediate holding companies (i.e. Harmony Culture, Legend Key and Max One) are collectively our Controlling Shareholders. By virtue of their long-standing business relationship in establishing our Group, our Founders have been reaching voting decisions on an unanimous basis since each of them had a beneficial interest in Star Plus (Kunshan) and throughout the Track Record Period. The Founders also entered into the Concert Party Agreement, hence they are considered as persons acting in concert with each other in respect of our Company within the meaning of the Takeovers Codes and will continue to act in concert with each other in the decision-making of our Group. Please refer to the section headed “Relationship with our Controlling Shareholders – Concert Party Agreement” in this document.

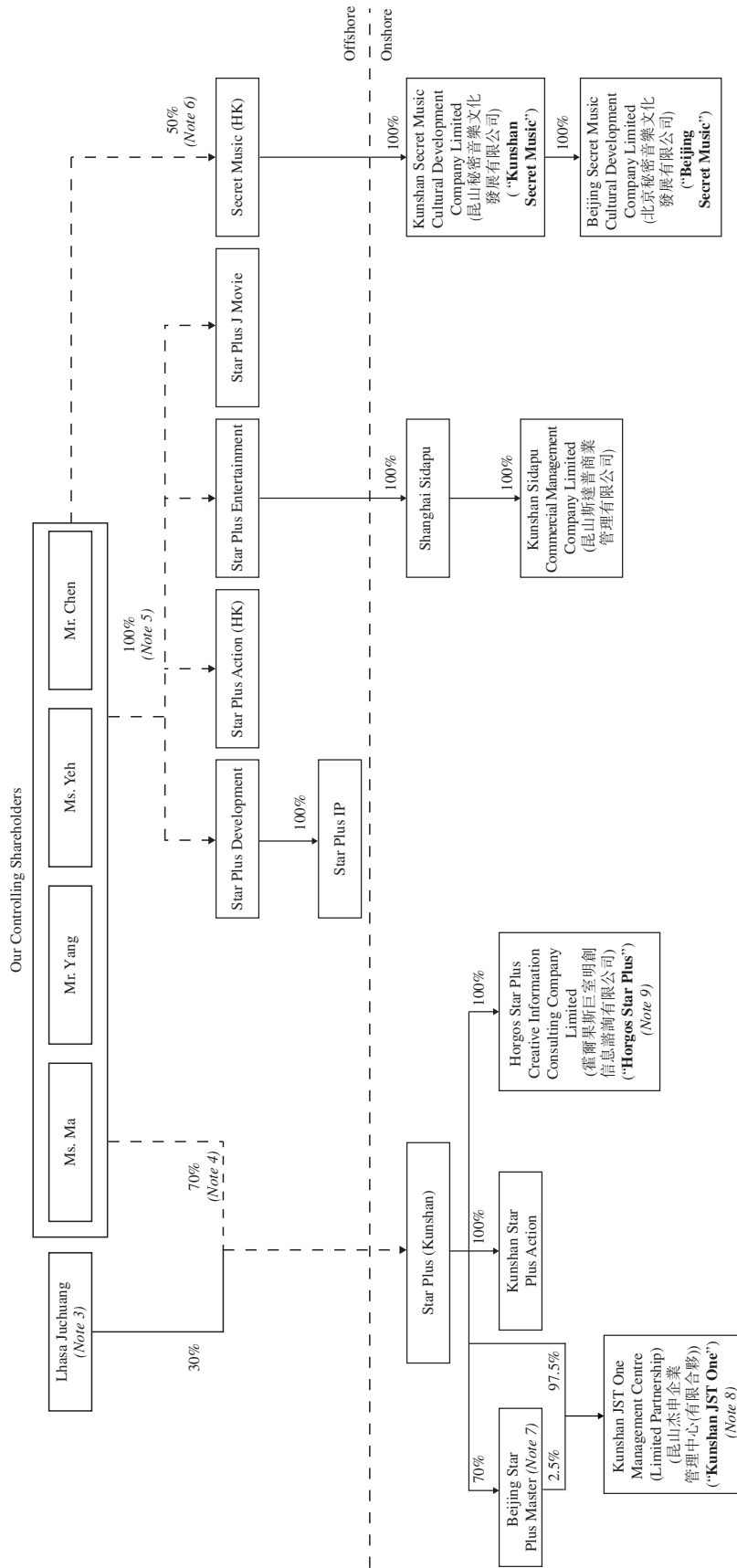
REORGANIZATION

In preparation of the [REDACTED], the companies comprising our Group underwent the Reorganization, pursuant to which our Company became the holding company of our Group.

HISTORY, DEVELOPMENT AND REORGANIZATION

OUR STRUCTURE BEFORE THE REORGANIZATION

The following chart sets out our corporate and shareholding structure immediately before commencement of the Reorganization and the [REDACTED] Investments:



HISTORY, DEVELOPMENT AND REORGANIZATION

Notes:

- (3) Lhasa Juchuang intended to transfer its equity interest in Star Plus (Kunshan) to Mr. Lai and Mr. Ho after companies not engaged in the [REDACTED] Business were carved out, and the transfer of Lhasa Juchuang’s interest in Star Plus (Kunshan) was completed as part of the [REDACTED] Investments. For details, please refer to the paragraph headed “[REDACTED] Investments – Share transfers to Mr. Lai and Mr. Ho” in this section.
- (4) Our Founders held 70% of Star Plus (Kunshan)’s equity interest through nominee arrangements prior to the Reorganization and the [REDACTED] Investments. For details of the nominee arrangements, please refer to notes 1 and 2 under the paragraph headed “Our major subsidiaries – Star Plus (Kunshan)” in this section.
- (5) Pursuant to the nominee and bare trust deed dated September 13, 2021 and entered into, among others, our Founders and Mr. Lai, Mr. Lai and his controlled entities entrusted to hold 43%, 21.5%, 21.5% and 14% of Star Plus Development, Star Plus Action (HK), Star Plus Entertainment and Star Plus J Movie on behalf of Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen, respectively since the commencement of the Track Record Period and before the transfer of such companies to our Company and the [REDACTED] Investments, and the rights and interests of those companies shall vest in each beneficial owner according to the abovementioned ratio.
- (6) The shares in Secret Music (HK) were held by our Founders as to 50% in aggregate and Sapphire Prismatic Limited as to 50%. Secret Music (HK) is our subsidiary as we are entitled to nominate a majority of its board of directors. Pursuant to the nominee and bare trust deed dated September 13, 2021, since the commencement of the Track Record Period and until immediately before the transfer of Secret Music (HK) to our Company and the [REDACTED] Investments, the interest in Secret Music (HK) was beneficially owned by Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen as to 21.5%, 10.75%, 10.75% and 7% through Great Essence. Sapphire Prismatic Limited is a company wholly owned by Chan Yu-hao and hence Sapphire Prismatic Limited and Chan Yu-hao are our connected persons at subsidiary level upon [REDACTED].
- (7) The equity interest in Beijing Star Plus Master was held by Star Plus (Kunshan) and Beijing Master as to 70% and 30%, respectively. To the knowledge of our Company, the ultimate beneficial controller of Beijing Master is Zhang Shuming (張書明), hence each of Beijing Master and Zhang Shuming is our connected persons at subsidiary level upon [REDACTED].
- (8) Kunshan JST One is a limited partnership established in the PRC on September 28, 2017 with Beijing Star Plus Master, our indirect subsidiary, as the general partner. Kunshan JST One was the project company for *J-Style Trip* season one.
- (9) Horgos Star Plus was deregistered on December 15, 2021 as it had no business operations.

Onshore Reorganization

Internal transfer of the entire equity interest in Kunshan Star Plus Action

On February 18, 2020, Star Plus (Kunshan) agreed to sell and Star Plus Action (HK) agreed to purchase the entire equity interest in Kunshan Star Plus Action at the consideration of RMB10,000,000, which was determined with reference to the valuation of Kunshan Star Plus Action as of December 31, 2019. Star Plus Action (HK) designated Beijing Star Plus Action, its wholly-owned subsidiary, as the transferee of this transaction. The consideration was fully settled and this transaction has been duly and legally completed, and its relevant registration has been completed.

Acquisition of the entire equity interest in Star Plus (Kunshan)

On February 28, 2020, Shanghai Yige (on behalf of Mr. Yang, Ms. Yeh and Mr. Chen), Kunshan Renben (on behalf of Ms. Ma) and Beijing Weideli (on behalf of Mr. Lai and Mr. Ho) agreed to sell and Shanghai Sidapu agreed to purchase the entire equity interest in Star Plus (Kunshan) (excluding its subsidiaries, including Kunshan Star Plus Action) at the consideration of RMB800,000, RMB600,000, and RMB600,000, respectively, which was determined with reference to the valuation of Star Plus (Kunshan) as of December 31, 2019. The consideration was fully settled and this transaction has been duly and legally completed, and its relevant registration has been completed.

HISTORY, DEVELOPMENT AND REORGANIZATION

Beijing Star Plus Legend was a subsidiary of our Group established on June 2, 2020 along with the Reorganization. On the same day, Shanghai Sidapu agreed to sell and Beijing Star Plus Legend agreed to purchase the entire equity interest in Star Plus (Kunshan) at the consideration of RMB2,000,000, which was determined with reference to the valuation of Star Plus (Kunshan) (excluding its subsidiaries, including Kunshan Star Plus Action) as of December 31, 2019. The consideration was fully settled and the transfer was duly and legally completed, and its relevant registration has been completed. Shanghai Sidapu was an intermediate holding company and our subsidiary since its establishment in June 2016 till its disposal on September 30, 2020. As our Group sought to streamline its structure, Shanghai Sidapu was disposed to Jushi Creative at a nominal consideration of RMB1 based on the net asset value of Shanghai Sidapu as of September 30, 2020. The consideration was fully settled and as advised by the PRC Legal Advisors, the transfer was duly and legally completed, and its relevant governmental registration has been completed.

Offshore Reorganization

Incorporation of our Company and shareholders' holding companies, and allotment of our Shares to the beneficial Shareholders

On January 3, 2020, our Company was incorporated as an exempted company with limited liability in the Cayman Islands. Upon incorporation, the authorized share capital of our Company was US\$50,000, divided into 50,000 ordinary shares of US\$1 each. On the date of its incorporation, one Share was issued to the initial subscriber, an Independent Third Party, who transferred it to Star Media on the same day. On July 29, 2020, our authorized share capital was subdivided to 5,000,000,000 Shares of US\$0.00001 each.

Pursuant to a nominee and bare trust deed dated September 13, 2021 and entered into between our Founders and Mr. Ho on one hand and Mr. Lai on the other hand, during the period from the incorporation of our Company to immediately before Shares were allotted to each of the Founders and Mr. Ho's holding companies, Mr. Lai was entrusted to hold 30%, 15%, 15%, 10% and 15% of our beneficial interest on behalf of Ms. Ma, Mr. Yang, Ms. Yeh, Mr. Chen and Mr. Ho, respectively, and the rights and interests with respect to the trust property shall vest in each beneficial owner according to the abovementioned ratio. The remaining 15% interest in our Company was held by Mr. Lai. Our Founders and Mr. Ho were beneficially interested in the equity interest of Star Plus (Kunshan) and our other onshore entities during the period when the bare trust arrangement was effective, and for the purpose of mirroring each of their beneficial interest in the offshore platform they have established and our offshore business before our Shares were allotted to each of our Founders and Mr. Ho, they formalized the arrangement through entering into the nominee and bare trust deed.

Each of Ms. Ma, Mr. Yang and Ms. Yeh, Mr. Chen and Mr. Ho (our ultimate beneficial owners since its incorporation) incorporated a holding company, details of which are set out below:

<u>Company name</u>	<u>Name of shareholder</u>	<u>Equity interest</u>
Harmony Culture / Best Million	Ms. Ma	100%
Legend Key	Mr. Yang	50%
	Ms. Yeh	50%
Max One	Mr. Chen	100%
Lake Ranch	Mr. Ho	100%

HISTORY, DEVELOPMENT AND REORGANIZATION

On August 4, 2020, our Company allotted and issued 150,000,000, 150,000,000, 50,000,000, 75,000,000 and 74,900,000 Shares to Legend Key, Best Million, Max One, Lake Ranch and Star Media, respectively, credited as fully paid. Immediately upon completion of the allotment and issuance of our Shares, Legend Key, Best Million, Max One, Lake Ranch and Star Media held 30%, 30%, 10%, 15% and 15% of our issued Shares, respectively. After the allotment of such Shares, our Founders, Mr. Lai and Mr. Ho's shareholding in our Company is same as their beneficial interest in (i) Star Plus (Kunshan) immediately before it was acquired by Shanghai Sidapu; and (ii) our Company immediately before the trust arrangement among our Founders, Mr. Lai and Mr. Ho was terminated.

Acquisition of our offshore subsidiaries

Immediately before the Reorganization, Mr. Lai, through Great Essence, held various offshore entities on behalf of the Controlling Shareholders and Mr. Ho pursuant to the nominee and bare trust agreement entered into amongst them, and the following transfers were conducted to transfer these offshore entities to our Company after our Company was incorporated:

- (i) On February 5, 2020, Great Essence agreed to sell and our Company agreed to purchase the entire equity interest in Star Plus Development at the nominal consideration of US\$1 based on the share capital of Star Plus Development. The consideration was fully settled and the transaction has been duly and legally completed.
- (ii) On February 5, 2020, Great Essence agreed to sell and our Company agreed to purchase the entire equity interest in Star Plus Entertainment, at the nominal consideration of HK\$1 based on the share capital of Star Plus Entertainment. The consideration was fully settled and the transaction has been duly and legally completed.
- (iii) On February 18, 2020, Star Media agreed to sell and our Company agreed to purchase the entire equity interest in Star Plus Action (HK) at the nominal consideration of HK\$1 based on the share capital of Star Plus Action (HK). The consideration was fully settled and the transaction has been duly and legally completed.
- (iv) On February 28, 2020, Great Essence agreed to sell and our Company agreed to purchase 50% of the equity interest in Secret Music (HK) at the nominal consideration of HK\$50 based on the share capital of Secret Music (HK). The consideration was fully settled and the transaction has been duly and legally completed. Great Essence also assigned the right to control the composition of a majority of Secret Music (HK)'s board of directors to our Company.
- (v) On March 19, 2020, Great Essence agreed to sell and our Company agreed to purchase the entire equity interest in Star Plus J Movie at the nominal consideration of HK\$1 based on the share capital of Star Plus J Movie. The consideration was fully settled and the transaction has been duly and legally completed.

As confirmed by our Directors, each of the transfers during the Reorganization was properly and legally completed and the consideration was fully settled. Our Company has obtained all relevant approvals required in connection with the Reorganization and has complied with all relevant laws and regulations which are applicable to the Reorganization.

HISTORY, DEVELOPMENT AND REORGANIZATION

As advised by our PRC Legal Advisors, the nominee arrangements at the onshore level did not violate any PRC laws and regulations in all material respects. According to such arrangements, each of our Substantial Shareholders, through their nominees, beneficially held and owned the entrusted interests in Star Plus (Kunshan), and were entitled to all rights and benefits arising from such equity interest.

[REDACTED]

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], our Directors were authorized to capitalize an amount of approximately US\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for allotment and issue to our Shareholders as of on the register of members of our Company at the close of business on the date immediately preceding the date on which the [REDACTED] becomes unconditional, on a pro rata basis.

[REDACTED] STOCK INCENTIVE PLAN

On August 3, 2020, our Company adopted the [REDACTED] Stock Incentive Plan pursuant to which 25,000,000 Shares (to be adjusted to [REDACTED] Shares upon the [REDACTED]) are issuable upon exercise of all options under the [REDACTED] Stock Incentive Plan, representing [REDACTED] of the issued share capital of our Company immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the Shares which may be issued pursuant to the exercise of the Options under the Share Option Schemes). As of the Latest Practicable Date, the Company issued an aggregate of 25,000,000 [REDACTED] Share Options in consideration for the contribution of the [REDACTED] Share Option Scheme Grantees to the establishment of our Group and to provide incentives to them. No further options will be granted under the [REDACTED] Stock Incentive Plan after our [REDACTED]. For details of the [REDACTED] Stock Incentive Plan, please refer to the paragraph headed “Statutory and general information – D. Share Option Schemes – [REDACTED] Stock Incentive Plan” in Appendix V to this document.

[REDACTED] INVESTMENTS

Share transfers to Mr. Lai and Mr. Ho

Lhasa Juchuang had been contemplating to exit from Star Plus (Kunshan) as a result of the separation of business lines under Jesports (Kunshan) and Jushi Creative from our Group’s structure. Hence, Lhasa Juchuang has been discussing with our Founders about exiting Star Plus (Kunshan) since 2017. At the same time, Mr. Lai and Mr. Ho had been working closely with our Founders to formulate the business strategies of our Group since our inception and advised on corporate finance matters. After noticing Lhasa Juchuang’s intention to exit, our Founders agreed that it would be beneficial to our Group should Mr. Lai and Mr. Ho take up the equity interest disposed by Lhasa Juchuang as it would align their interest with our Group, and Mr. Lai and Mr. Ho agreed that this would be a good opportunity for them to have a personal stake in our Group.

HISTORY, DEVELOPMENT AND REORGANIZATION

Owing to complications in handling formalities for the carving out of companies not engaged in the [REDACTED] Business, such transfers were only completed in August 2019. After completion of such procedures, on September 30, 2019, Lhasa Juchuang and each of Mr. Lai and Mr. Ho entered into an agreement to transfer 15% of the equity interest in Star Plus (Kunshan) at RMB300,000. The aggregate consideration has been agreed to be equivalent to Lhasa Juchuang’s contribution to Star Plus (Kunshan)’s registered capital in view of Lhasa Juchuang’s exit intention since 2017. For details of the carving out of companies not engaged in the [REDACTED] Business, please refer to the paragraph headed “Our major subsidiaries – Star Plus (Kunshan) – Separation of distinct business lines under Star Plus (Kunshan)” in this section.

As each of Mr. Lai and Mr. Ho is not a holder PRC ID and as our Group was contemplating the Reorganization, Mr. Lai and Mr. Ho were only the beneficial shareholders of Star Plus (Kunshan) from September 30, 2019 till its acquisition by Shanghai Sidapu; and they designated Beijing Weideli as the legal owner of the equity interest of Star Plus (Kunshan) acquired by them. The nominee arrangement was terminated when Beijing Weideli transferred the entrusted shareholding in Star Plus (Kunshan) to Shanghai Sidapu as part of our Reorganization.

On August 4, 2020, as part of the Reorganization, 75,000,000 and 74,900,000 Shares were allotted to Lake Ranch (a company wholly-owned by Mr. Ho) and Star Media (a company wholly-owned by Mr. Lai), respectively, credited as fully paid.

Shares transfers to Dr. Qian and Ms. Zhang and subscriptions by Long Precise and Bradbury

On February 29, 2020, Lake Ranch entered into a share transfer agreement with each of Dr. Qian and Ms. Zhang, pursuant to which Lake Ranch agreed to sell and Dr. Qian and Ms. Zhang agreed to purchase 7,500,000 Shares and 5,000,000 Shares at HK\$1.5 million and HK\$1 million, respectively.

On September 30, 2020, Long Precise entered into a share purchase agreement with our Company, pursuant to which our Company allotted and issued 12,820,512 Shares to Long Precise in consideration of HK\$37,500,000.

On February 17, 2021, Bradbury entered into an investment agreement with our Company, pursuant to which our Company allotted and issued 30,094,112 Shares to Bradbury in consideration of HK\$200,000,000.

On May 5, 2023, Long Precise entered into a share transfer instrument with Kai Le and Ms. Zhang respectively, pursuant to which (1) Long Precise agreed to sell and Kai Le agreed to purchase 7,880,769 Shares and (2) Long Precise agreed to sell and Ms. Zhang agreed to purchase 4,939,743 Shares. Upon completion of the above transactions, Long Precise ceased to hold any Shares. Upon completion of the [REDACTED], Shares held by Kai Le would be counted as [REDACTED], whilst Shares held by Ms. Zhang would not be counted as [REDACTED].

HISTORY, DEVELOPMENT AND REORGANIZATION

Details of the [REDACTED] Investments are summarized below:

Name of the investor	Mr. Lai	Mr. Ho	Dr. Qian	Ms. Zhang	Long Precise	Bradbury
Date of agreement	September 30, 2019	September 30, 2019	February 29, 2020	February 29, 2020	September 30, 2020	February 17, 2021
Number of Shares subscribed for	75,000,000 Shares (Note a)	75,000,000 Shares (Note a)	7,500,000 Shares	5,000,000 Shares	12,820,512 Shares	30,094,112 Shares
Shareholding in our Company immediately upon completion of the [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Consideration	RMB300,000	RMB300,000	HK\$1,500,000	HK\$1,000,000	HK\$37.5 million	HK\$200 million
Basis of determination of the consideration	After arm’s length negotiation between the parties with reference to the registered capital to be contributed by Lhasa Juchuang		After arm’s length negotiation between the parties with reference to the fair value of the relevant Shares as appraised by an independent valuer at the time of the investment		Post-money valuation of our Group at HK\$4 billion, which was determined after arm’s length negotiation with reference to the status of our businesses carried out by our Group	
Date on which consideration was fully settled	July 29, 2020	July 29, 2020	March 3, 2021	June 16, 2021	September 30, 2020	February 23, 2021
Investment cost per Share after taking into account the effect of the [REDACTED] and the [REDACTED] (but before any exercise of Options under the [REDACTED] Stock Incentive Plan and [REDACTED])	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Discount to the [REDACTED] (Note b)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Use of net [REDACTED] and its utilization by our Company	As the [REDACTED] Investment by Mr. Lai was effected by way of equity transfer between each of them and Lhasa Juchuang, no [REDACTED] were received by our Group.	As the [REDACTED] Investment by Mr. Ho was effected by way of equity transfer between each of them and Lhasa Juchuang, no [REDACTED] were received by our Group.	As the [REDACTED] Investment by Dr. Qian was effected by way of equity transfer between Dr. Qian and Lake Ranch, the consideration was paid to Lake Ranch and no [REDACTED] were received by our Group.	As the [REDACTED] Investment by Ms. Zhang was effected by way of equity transfer between Ms. Zhang and Lake Ranch, no [REDACTED] were received by our Group.	General working capital. As of the Latest Practicable Date, approximately 40% of the net [REDACTED] from the [REDACTED] Investments by Long Precise and Bradbury had been utilized as intended.	
[REDACTED] under the Listing Rules	No	Yes (Note c)	No	No	(Note d)	Yes
Lock-up	No	No	No	No	No	6 months from our [REDACTED]

HISTORY, DEVELOPMENT AND REORGANIZATION

Notes:

- (a) The Shares correspond to our Shares which were allotted to each of Mr. Ho and Mr. Lai on August 4, 2020; and is equivalent to the percentage of Star Plus (Kunshan)’s equity interest acquired by each of them from Lhasa Juchuang.
- (b) The discount was calculated based on the assumption that the [REDACTED] is HK\$[REDACTED], being mid-point of the [REDACTED] for the [REDACTED].
- (c) Upon discussions among our Founders and Mr. Ho, it was agreed Lake Ranch, would sell [REDACTED] Shares in the [REDACTED]. Upon completion of the [REDACTED], the Shares held by Mr. Ho and Lake Ranch will be counted as [REDACTED].
- (d) On May 5, 2023, Long Precise entered into a share transfer instrument with Kai Le and Ms. Zhang respectively, pursuant to which (1) Long Precise agreed to sell and Kai Le agreed to purchase 7,880,769 Shares and (2) Long Precise agreed to sell and Ms. Zhang agreed to purchase 4,939,743 Shares. Upon completion of the above transactions, Long Precise ceased to hold any Shares. Upon completion of the [REDACTED], Shares held by Kai Le would be counted as [REDACTED], whilst Shares held by Ms. Zhang would not be counted as [REDACTED].

Strategic benefits to our Company

Our Directors are of the view that the investments made by the [REDACTED] Investors demonstrate their confidence in the operation of our Group and serve as an endorsement of the performance and prospect of our Group. In addition, at the time of respective investment made by our [REDACTED] Investors, our Directors were of the view that our Group could benefit from the [REDACTED] Investors’ business connection network, knowledge and experience.

Further, our Directors believe that (i) the [REDACTED] Investments allow us to enlarge our shareholder base and to align the interest of Dr. Qian and Mr. Lai, being members of our senior management, with that of ours, (ii) we can benefit from Mr. Ho’s knowledge on capital markets and strategic advice given Mr. Ho’s experience in identifying investment targets, enhancing their performance and providing support and advise, and (iii) Bradbury is a cross-border investor with a focus on China’s fast growing industries and companies which are similar to our Group.

Background of the [REDACTED] Investors

Mr. Lai

Mr. Lai is an executive Director and a member of our senior management team. Please refer to the section headed “Directors and senior management – Board of directors – Executive Directors” in this document for the background information on Mr. Lai.

Mr. Ho

Mr. Ho became acquainted with Ms. Ma and Mr. Lai in 2008 when they were previously involved in a company which one of the funds of IDG Capital has invested in. Mr. Ho has over 15 years of experience in banking, finance and direct investment and is the chief financial officer of IDG Capital, an investment firm focusing on developing companies through its expertise in private equity, venture capital and mergers and acquisitions. Our Founders believe that Mr. Ho can provide valuable guidance on the growth and development of our business, and since our Founders had the idea to commence their own business, Mr. Ho has shared his experience and insights on e-commerce. Lake Ranch is an investment holding company incorporated in the BVI and wholly-owned by Mr. Ho.

HISTORY, DEVELOPMENT AND REORGANIZATION

Dr. Qian and Ms. Zhang

Dr. Qian is an executive Director and a member of our senior management team. Please refer to the section headed “Directors and senior management – Board of directors – Executive Directors” in this document for the background information on Dr. Qian. Mr. Ho became acquainted with Dr. Qian in 2004 when they were involved in a company which one of the funds of IDG Capital has invested in. As Dr. Qian has been continuously involved in formulating the overall business strategy of our Group, he has been confident of our prospects. Ms. Zhang is the spouse of Dr. Qian. Dr. Qian and Ms. Zhang also factored the potential increase in valuation of the company after becoming a public company.

Mr. Ho decided to sell part of his interest in our Company, after arm’s length commercial negotiations with Dr. Qian and Ms. Zhang, and having compared the immediate capital gain from selling part of Mr. Ho’s interest in our Company against the initial investment cost taken out by Mr. Ho together with Dr. Qian’s management role in our Group.

Long Precise

Long Precise is an investment holding company incorporated in the BVI. To our Company’s knowledge, as of the Latest Practicable Date, Long Precise was owned as to 61.47% and 38.53% by Mr. Ho and Ms. Zhang, respectively. Mr. Ho became acquainted with Ms. Zhang through Dr. Qian. As there has been a continuous increase in demand of our products and expansion of our distribution network, Mr. Ho and Ms. Zhang were of the view that the valuations of high growth potential companies like us would remain at a relatively high level and it would be worthwhile to increase their shareholding in our Company. On May 5, 2023, Long Precise transferred all the Shares it owned to Kai Le and Ms. Zhang. Upon completion of the above transactions, Long Precise no longer holds any Shares.

Bradbury

Bradbury is wholly-owned by Bradbury Strategic Investment Fund A, an independent mutual fund registered in the Cayman Islands. Bradbury Asset Management (Hong Kong) Limited, a company licensed to conduct type 9 (Asset Management) regulated activities as defined under the SFO, has been appointed as the Investment Manager of Bradbury Strategic Investment Fund A. The aggregate asset under management by Bradbury Asset Management (Hong Kong) Limited amounted to over US\$1.6 billion. Bradbury Group specializes in offering International securities brokerage, asset management, investment funds and wealth management services to accredited investors; and its prime private equity portfolios spans across capital markets, real estate developments, green technology, e-commerce, healthcare. Other than the shareholding in our Group, Bradbury has no other relationship or dealings with our Group.

Special rights granted to the [REDACTED] Investors

No special rights were granted to Mr. Lai, Mr. Ho, Dr. Qian, Ms. Zhang and Long Precise.

Bradbury may require our Company to redeem the Shares subscribed by Bradbury during its [REDACTED] Investment when: (i) a [REDACTED] does not take place by [REDACTED]; (ii) our Company withdraws its [REDACTED]; (iii) our [REDACTED] being rejected by the Stock Exchange or any competent authority; or (iv) our [REDACTED] process being terminated or our [REDACTED] has lapsed for any reason. The redemption price will be equivalent to the

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subscription price paid by Bradbury for its [REDACTED] Investment. Such right was suspended immediately prior to the submission of the [REDACTED] of our Company to the Stock Exchange for the purpose of the [REDACTED]. [REDACTED] means an [REDACTED] with a valuation based on the [REDACTED] of the [REDACTED] which, impliedly values the equity value of our Group immediately after our [REDACTED] at not less than HK\$[REDACTED]. Our Company shall obtain a consent from Bradbury if the [REDACTED] cannot be achieved, and such consent has been obtained.

Investment cost per Share and discount to the [REDACTED]

The basis of the consideration for the share transfers to Mr. Lai and Mr. Ho of HK\$[REDACTED] per Share was determined and agreed in 2017 when Lhasa Juchuang decided to divest from Star Plus (Kunshan). At that time, our business model was still being developed and its prospects was uncertain, which resulted in the relatively low valuation.

The increase in investment cost per Share from HK\$[REDACTED] in September 2019 to HK\$[REDACTED] in February 2020 was mainly due to the fact that we started to become profitable in 2018 and our prospects and outlook were considered promising, especially in view of the expansion of the product offerings in 2019 and the expected growth of the new retail segment with the launch of *MODONG* coffee.

The increase in investment cost per Share to HK\$[REDACTED] in September 2020 was resulted from the spike in sales of *MODONG* coffee during the first half of 2020; and the expected significant increase in our revenue and net profit in 2020.

The increase in investment cost per Share to HK\$[REDACTED] in February 2021 was supported by our financial performance in 2020, our management accounts, our plan for [REDACTED], and the prevailing optimistic market conditions and market sentiment at that time.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

On the basis that (i) the consideration for each of the [REDACTED] Investments was irrevocably settled more than 28 clear days before the date of our first submission of the [REDACTED] to the Stock Exchange and (ii) no special right was granted to any [REDACTED] Investor that will survive after the [REDACTED], the Sole Sponsor has confirmed that the [REDACTED] Investments are in compliance with the Guidance Letter HKEX-GL-29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017 and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

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Notes:

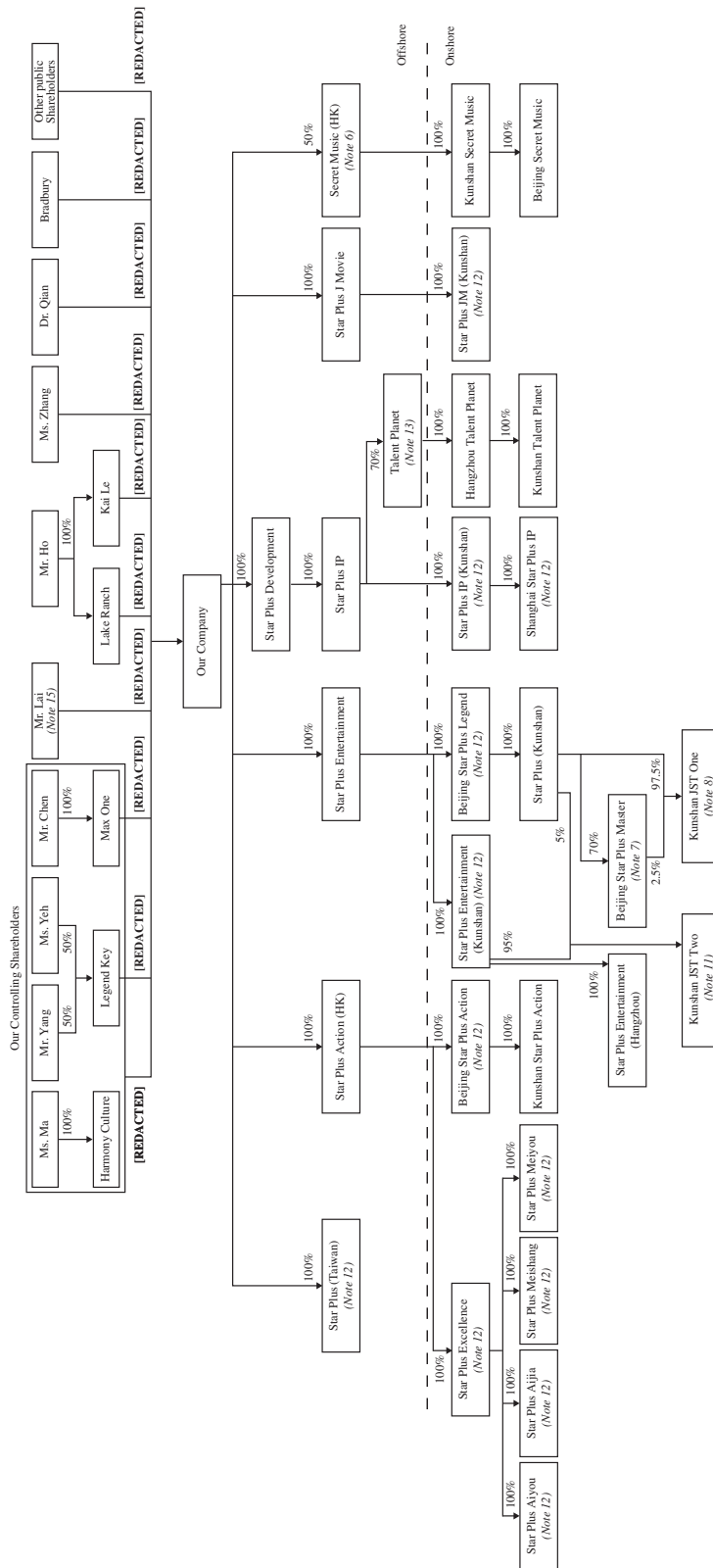
For notes 6 to 8, please refer to the paragraph headed “Our structure before the Reorganization” in this section.

- (10) Kunshan JST Two Management Centre (Limited Partnership) (昆山杰未企业管理中心(有限合伙)) (“**Kunshan JST Two**”) is a limited partnership established in the PRC on January 6, 2020 with Star Plus (Kunshan), our indirectly wholly-owned subsidiary, as the general partner. Kunshan JST Two is intended to be the project company for *J-Style Trip* season two.
- (11) Talent Planet was incorporated in Hong Kong on November 26, 2021. To the knowledge of our Company, the ultimate beneficial controller of W&V is Meng Ching-Jung (孟慶榮), the mother of Ms. Vivi Wang.
- (12) These companies were established along with the Reorganization and had been our wholly-owned subsidiaries since establishment. Neither of them is our major subsidiary.
- (13) On December 26, 2020, Best Million agreed to transfer 150,000,000 Shares at a nominal consideration of US\$1 to Harmony Culture, with reference to the fact that Best Million and Harmony Culture are wholly owned by Ms. Ma.
- (14) On December 2, 2020, Star Media repurchased one share in Star Media from Mr. Lai, using Star Media’s entire shareholding in our Company (i.e. 75,000,000 Shares) as consideration. Upon completion of the repurchase, Mr. Lai is the beneficial owner of 75,000,000 Shares.
- (15) On May 5, 2023, Long Precise entered into a share transfer instrument with Kai Le and Ms. Zhang respectively, pursuant to which (i) Long Precise agreed to sell and Kai Le agreed to purchase 7,880,769 Shares and (ii) Long Precise agreed to sell and Ms. Zhang agreed to purchase 4,939,743 Shares. Upon completion of the above transactions, Long Precise ceased to hold any Shares.

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OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following chart sets out our Group’s corporate and shareholding structure upon completion of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account the Shares which may be issued pursuant to the exercise of the Options under the Share Option Schemes):



Note: For notes 6 to 8 and 11 to 13 and 16, please refer to “[REDACTED]” in this section.

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PRC REGULATORY REQUIREMENTS

As advised by our PRC Legal Advisors, the relevant equity transfers in respect of our subsidiaries in the PRC as described in this section have been properly and legally completed in accordance with applicable PRC laws and regulations in all aspects, and all necessary PRC regulatory approvals have been obtained in accordance with applicable PRC laws and regulations.

M&A Rules

Under the M&A Rules, a foreign investor shall comply with M&A Rules when 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 interest in a domestic non-foreign enterprise via an increase in registered capital of the domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise.

As advised by our PRC Legal Advisors, no approval from MOFCOM or CSRC under the M&A Rules is required, for the reason that our ultimate individual Controlling Shareholders, i.e. Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen, are holders of Taiwan passports, the establishment and acquisition of our onshore companies are not subject any approvals under the M&A Rules.

SAFE Circular No. 37

Referring to the section headed "Regulatory Overview – Regulations in relation to foreign exchange" in this document, SAFE Circular No. 37 requires PRC residents to register with local branches of SAFE with regard to their establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing. SAFE Circular No. 37 further requires amendment to the registration in the event of any significant changes with respect to, among other things, the special purpose vehicle, the domestic individual resident shareholder, the operating period, capital and merger or division events.

Our Founders, which are our ultimate individual Controlling Shareholders, are holders of Taiwan passports and they used their offshore funds to invest in our Company. Based on the foregoing, our PRC Legal Advisors is of the view that our Founders, Mr. Lai and Mr. Ho shall not make the SAFE 37 Registration for their investment in our Company.