

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

As one of the forerunners in electric two-wheeled vehicle industry, our founders, Mr. Ni and Ms. Hu, devoted their career in the electric two-wheeled vehicle industry with a particular dedication in research and development as early as the late 1990s.

Since the establishment of Zhejiang Luyuan, our core operating subsidiary controlled and led by Mr. Ni and Ms. Hu, in 2003, our brand “Luyuan” has gained widespread popularity in mainland China. In 2007, “Luyuan” was recognized as a well-known trademark of China (中國馳名商標), and was also awarded as one of the top 500 most influential Chinese brands (中國品牌500強) in 2018. As of the Latest Practicable Date, we held a total of 374 patents in mainland China, of which 45 invention patents, 219 were utility model patents and 110 design patents.

Under the leadership of Mr. Ni, awardee of Ernst & Young 2010 Entrepreneur of the Year in Cleantech category, and Ms. Hu, our business witnessed exponential growth and our founders sought to look for new breakthroughs. See “Directors and Senior Management” for biographical details of Mr. Ni and Ms. Hu.

BUSINESS MILESTONES

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

Year	Event
2003	Zhejiang Luyuan was incorporated.
2004	Our own production facilities in Zhejiang commenced production.
2006	We introduced our Luyuan 4CS Services System (綠源4CS服務體系).
2007	Our trademark “Luyuan”, meaning green energy, was recognized as a well-known trademark of China (中國馳名商標).
2008	The first welding robot officially commenced production.
2009	Our Company was incorporated. Our production facilities in Shandong commenced production. We launched our Luyuan Green Battery Project (綠源綠色電池項目), providing one-stop sales, examination, repair and maintenance services of batteries. We were also recognized as “A High Tech Enterprise” (高新技術企業) for the first time.
2010	Our brand “Luyuan” was awarded as a “Famous Brand in Zhejiang” (浙江名牌產品).
2011	We introduced institutional strategic investors to our Company.
2014	We expanded our production scale in Shandong.
2018	We were awarded as one of the top 500 most influential Chinese brands (中國品牌500強).
2020	We were awarded as “Green Factory” (綠色工廠).
2021	Our intelligent factory in Guangxi commenced operation. We were awarded the Technology Advancement Award (科學技術進步獎) by China Light Industry Association (中國輕工業聯合會).
2022	We further expanded our production facilities in Zhejiang and were awarded as “Top 200 Light Industrial Enterprises in China” (中國輕工業二百強企業) and “Top 10 Enterprises in Electric Vehicle and Bicycle Industry” (電動自行車行業十強企業).

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OUR MAJOR SUBSIDIARIES

The following subsidiaries are of strategic importance to us or have made material contributions to our results of operations during the Track Record Period:

Name of Subsidiary	Place of Incorporation	Date of Incorporation	Issued Share Capital/Registered Capital	Shareholding Control by our Company as of the Latest Practicable Date	Principal Business	Major Changes in Shareholding Control by our Company during the Track Record Period
Luyuan BVI	BVI	February 16, 2009	US\$1	100%	Investment holding	None
Luyuan HK	Hong Kong	February 24, 2009	HK\$10,000,000	100%	Investment holding	None
Zhejiang Luyuan	PRC	May 12, 2003	US\$12,000,000	100%	Manufacture of electric vehicles and accessories	None
Guangxi Luyuan	PRC	August 28, 2019	RMB100,000,000	100%	Manufacture of electric vehicles and accessories	None
Shandong Luyuan	PRC	August 25, 2008	RMB400,000,000	100%	Manufacture of electric vehicles and accessories	None
Zhejiang Luyuan Information Technology	PRC	May 28, 2015	RMB80,000,000	100%	Sale of electric vehicles and accessories	None
Linyishi Hongzi	PRC	April 7, 2015	RMB289,000,000	Not applicable	Investment holding	Deregistered by our Group on June 29, 2022

MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR COMPANY AND MAJOR SUBSIDIARIES

We describe below the major changes in the shareholding of our Company and our major subsidiaries up to the date of this document.

Our Company

Our Company is the holding company of our Group. Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 18, 2009. At the time of incorporation, our Company had an authorized share capital of US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each. Immediately after incorporation, one share of a par value of US\$1.00 of our Company was issued and allotted to an initial subscriber (a company secretarial service provider), who on the same day transferred the same to Mr. Jing Ning (井寧) (“**Mr. Jing**”), our then chief financial officer primarily responsible for our Group’s offshore business, a Hong Kong resident and nominee shareholder nominated by Mr. Ni and Ms. Hu, at a consideration of US\$1.00.

For details of the shareholding changes of our Company, see “— Early Development and Evolution.”

Luyuan BVI

Luyuan BVI was incorporated as a company with limited liability in the BVI on February 16, 2009. At the time of incorporation, Luyuan BVI had an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On February 18, 2009, one share of Luyuan BVI was issued and allotted to Mr. Jing, at a nominal consideration of US\$1.00. On April 9, 2010, Mr. Jing (as trustee) transferred all shares in Luyuan BVI to our Company at nil consideration. Since then and as of the Latest Practicable Date, Luyuan BVI was wholly-owned by our Company.

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Luyuan HK

Luyuan HK was incorporated as a company with limited liability in Hong Kong on February 24, 2009. Immediately after incorporation, one share of Luyuan HK was issued and allotted to an initial subscriber (a company secretarial service provider), who on March 20, 2009 transferred the same to Mr. Jing, at a consideration of HK\$1.00. On April 7, 2010, Mr. Jing transferred all shares in Luyuan HK to Luyuan BVI, at nil consideration. Since then and as of the Latest Practicable Date, Luyuan HK was wholly-owned by Luyuan BVI.

Zhejiang Luyuan

Zhejiang Luyuan was established in the PRC on May 12, 2003 as a limited company with a registered capital of US\$4,080,000. At the time of establishment, Zhejiang Luyuan was owned as to 51% by Jinhua Luyuan (a company then owned as to 75% and 25% by Mr. Ni and Ms. Hu, respectively) and 49% by Mr. Ye Zhongbao (葉忠保) (“Mr. Ye”), Filipino-Chinese, nominee shareholder of 美國賽立特電源有限公司 (Sanlight Battery Produce Corp.) and an Independent Third Party. Jinhua Luyuan funded its share in capital of Zhejiang Luyuan of US\$2,080,000 using its own internal resources.

On February 25, 2007, the board of directors of Zhejiang Luyuan resolved to increase the registered capital of Zhejiang Luyuan from US\$4,080,000 to US\$6,080,000, and such contribution shall be made by Jinhua Luyuan and had been fully settled by March 1, 2007. Following which, the registered capital of Zhejiang Luyuan of US\$4,080,000, or 67.1%, was held by Jinhua Luyuan and US\$2,000,000, or 32.9%, was held by Mr. Ye.

Pursuant to an equity transfer agreement entered into between Jinhua Luyuan and Luyuan Holding dated May 30, 2007, Jinhua Luyuan transferred registered capital of US\$2,900,000, representing then 47.7% equity interest, in Zhejiang Luyuan to Luyuan Holding (which was then owned by Mr. Ni and Ms. Hu as to 75% and 25% respectively), at an aggregate consideration of US\$2,900,000 (equivalent to RMB23,200,000). The consideration was determined with reference to the paid-up registered capital of Zhejiang Luyuan being transferred and was fully settled in May 2007. Following completion of the aforesaid transfer, Zhejiang Luyuan was owned as to 47.7% by Luyuan Holding, 32.9% by Mr. Ye and 19.4% by Jinhua Luyuan.

With a view to bringing our Group to an international platform for larger scale fund-raising activities, Hong Kong Rainbow, a company incorporated in Hong Kong and then owned by Mr. Ni and Ms. Hu as to 40% and 60% respectively, acquired registered capital of US\$2,000,000, representing then 32.9% equity interest, in Zhejiang Luyuan, from Mr. Ye at an aggregate consideration of US\$2,000,000 pursuant to an equity transfer agreement entered into between Mr. Ye and Hong Kong Rainbow dated February 21, 2008. The consideration was determined with reference to the paid-up registered capital of Zhejiang Luyuan being transferred and was fully settled in September 2013. Following completion of the aforesaid transfer, Zhejiang Luyuan was owned as to 47.7% by Luyuan Holding, 32.9% by Hong Kong Rainbow and 19.4% by Jinhua Luyuan.

On June 10, 2008, Jinhua Luyuan and Luyuan Holding entered into an equity transfer agreement, pursuant to which, Jinhua Luyuan agreed to sell, and Luyuan Holding agreed to purchase, registered capital of US\$1,180,000, representing then 19.4% equity interest, in Zhejiang Luyuan at an aggregate consideration of RMB11,696,600. The consideration was determined with reference to the net asset value of Zhejiang Luyuan as of December 31, 2007 after deducting the dividends declared or distributed prior to the transfer and was fully settled on June 17, 2008. Following the aforesaid transfer, Zhejiang Luyuan was owned as to 67.1% by Luyuan Holding and 32.9% by Hong Kong Rainbow.

On June 18, 2009, Luyuan HK entered into an equity transfer agreement to acquire registered capital of US\$2,000,000, representing then 32.9% equity interest, in Zhejiang Luyuan from Hong Kong Rainbow at an aggregate consideration of US\$2,000,000. The consideration was determined with reference to the paid-up registered capital of Zhejiang Luyuan being transferred and was fully settled by September 2013. Following the aforesaid transfer, Zhejiang Luyuan was owned as to 67.1% by Luyuan Holding and 32.9% by Luyuan HK.

On July 1, 2013, Jinhua Shitong, the then sole shareholder of Luyuan Holding and a wholly-owned subsidiary of Luyuan HK, resolved that Zhejiang Luyuan will acquire and absorb Luyuan Holding. On the same day, Luyuan HK, the then sole shareholder of Jinhua Shitong, resolved that Zhejiang Luyuan will acquire and absorb Jinhua Shitong. Following the aforesaid mergers (the “**Mergers**”), Luyuan Holding and Jinhua Shitong were deregistered on June 13, 2014 and July 25, 2014, respectively, and Zhejiang Luyuan, being the surviving entity with a registered capital of US\$12,000,000, was directly wholly-owned by Luyuan HK.

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On June 17, 2015, Luyuan HK, then sole shareholder of Zhejiang Luyuan resolved to increase the registered capital of Zhejiang Luyuan from US\$12,000,000 to US\$24,500,000, and such contribution shall be made by Zhejiang Hongzi, a company established in the PRC with limited liability and then an indirect wholly-owned subsidiary of our Company. Following which, the registered capital of Zhejiang Luyuan of US\$12,500,000, or 51%, was held by Zhejiang Hongzi and US\$12,000,000, or 49%, was held by Luyuan HK.

On June 12, 2020, then shareholders of Zhejiang Luyuan resolved to increase the registered capital of Zhejiang Luyuan from US\$24,500,000 to US\$53,000,000 and such contribution shall be made by Linyishi Hongzi, a company established in the PRC with limited liability and then an indirect wholly-owned subsidiary of the Company, and had been fully settled by June 29, 2020. Following the said capital increase, the registered capital of Zhejiang Luyuan of US\$28,500,000, or 53.78%, was held by Linyishi Hongzi, US\$12,500,000, or 23.58%, was held by Zhejiang Hongzi and US\$12,000,000, or 22.64%, was held by Luyuan HK.

On December 23, 2021, then shareholders of Zhejiang Luyuan resolved to reduce the registered capital of Zhejiang Luyuan from US\$53,000,000 to US\$12,000,000. Following the aforesaid reduction in registered capital and up to the Latest Practicable Date, Zhejiang Luyuan was wholly-owned by Luyuan HK, and Linyishi Hongzi and Zhejiang Hongzi ceased to hold equity interests in Zhejiang Luyuan.

Guangxi Luyuan

Guangxi Luyuan was established in the PRC on August 28, 2019 as a limited company with a registered capital of RMB5,000,000. At the time of establishment and as of the Latest Practicable Date, Guangxi Luyuan was wholly-owned by Zhejiang Luyuan.

On October 20, 2020, Zhejiang Luyuan, sole shareholder of Guangxi Luyuan, resolved to increase the registered capital of Guangxi Luyuan from RMB5,000,000 to RMB50,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on November 12, 2020.

On April 19, 2021, Zhejiang Luyuan, sole shareholder of Guangxi Luyuan, resolved to increase the registered capital of Guangxi Luyuan from RMB50,000,000 to RMB100,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on May 10, 2021.

Shandong Luyuan

Shandong Luyuan was established in the PRC on August 25, 2008 as a limited company with a registered capital of RMB20,000,000. At the time of establishment, Shandong Luyuan was wholly-owned by Luyuan Holding.

On July 12, 2011, then shareholder of Shandong Luyuan resolved to increase the registered capital of Shandong Luyuan from RMB20,000,000 to RMB80,000,000 and such contribution shall be made by Luyuan Holding, which had been fully settled on July 14, 2011.

On September 10, 2014, as part of and as a result of the Mergers, Shandong Luyuan was wholly-owned by Zhejiang Luyuan, in place of Luyuan Holding.

Pursuant to an agreement entered into between Shandong Luyuan and Linyishi Luling Property Services dated September 7, 2019, Shandong Luyuan absorbed and merged Linyishi Luling Property Services (a company which was then owned as to 90% by Shandong Luyuan and 10% by Zhejiang Luyuan Information Technology). Following which, on October 10, 2019, the registered capital of Shandong Luyuan increased from RMB80,000,000 to RMB90,000,000, among which RMB86,148,000, or 95.72%, was held by Zhejiang Luyuan and RMB3,852,000, or 4.28%, was held by Zhejiang Luyuan Information Technology.

On November 22, 2019, then shareholders of Shandong Luyuan resolved to increase the registered capital of Shandong Luyuan from RMB90,000,000 to RMB200,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on November 27, 2019. Following the said capital increase, the registered capital of Shandong Luyuan of RMB196,148,000, or 98.074%, was held by Zhejiang Luyuan and RMB3,852,000, or 1.926%, was held by Zhejiang Luyuan Information Technology.

On June 20, 2020, then shareholders of Shandong Luyuan resolved to increase the registered capital of Shandong Luyuan from RMB200,000,000 to RMB400,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on June 22, 2022. Following the said capital increase, the registered capital of Shandong Luyuan of RMB396,148,000, or 99.037%, was held by Zhejiang Luyuan and RMB3,852,000, or 0.963%, was held by Zhejiang Luyuan Information Technology.

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Zhejiang Luyuan Information Technology

Zhejiang Luyuan Information Technology was established in the PRC on May 28, 2015 as a limited company with a registered capital of RMB10,000,000. At the time of establishment and as of the Latest Practicable Date, Zhejiang Luyuan Information Technology was wholly-owned by Zhejiang Luyuan.

On April 20, 2016, shareholder of Zhejiang Luyuan Information Technology resolved to increase the registered capital of Zhejiang Luyuan Information Technology from RMB10,000,000 to RMB80,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on October 11, 2016.

Linyishi Hongzi

Linyishi Hongzi was established in the PRC on April 7, 2015 as a limited company with a registered capital of RMB2,000,000. At the time of establishment, Linyishi Hongzi was owned as to 70% by Shandong Luyuan and as to 30% by Guangdong Luyuan.

On May 5, 2020, Guangdong Luyuan and Shandong Luyuan entered into an equity transfer agreement, pursuant to which Guangdong Luyuan agreed to transfer 30% equity interests in Linyishi Hongzi to Shandong Luyuan at an aggregate consideration of RMB600,000. The consideration was determined with reference to registered capital of Linyishi Hongzi being transferred and had been fully settled on May 7, 2020. Following the said transfer, Linyishi Hongzi was wholly-owned by Shandong Luyuan.

On June 20, 2020, Shandong Luyuan, sole shareholder of Linyishi Hongzi, resolved to increase the registered capital of Linyishi Hongzi from RMB2,000,000 to RMB289,000,000 and such contribution shall be made by Shandong Luyuan, which had been fully settled on June 30, 2020.

As Linyishi Hongzi was an investment holding company without substantial business operations since its incorporation, it was deregistered on June 29, 2022 after it no longer held any equity interests. See “— Reorganization.”

Major Acquisitions and Disposals

We did not conduct any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

EARLY DEVELOPMENT AND EVOLUTION

Early Development during the period from the Establishment of Zhejiang Luyuan in 2003 to the year before the Evolution in 2009

In 2003, Mr. Ni and Ms. Hu, through Jinhua Luyuan, set up and invested in Zhejiang Luyuan, our first principal operating company primarily engaged in the sales, and research and development of electric two-wheeled vehicles under our “Luyuan” (綠源) brand, with Mr. Ye. Under the leadership of Mr. Ni and Ms. Hu, coupled with their dedication in research endeavors in electric two-wheeled vehicles, “Luyuan” (綠源) brand has gained widespread popularity across mainland China and the business of our Group flourish. During the period from 2003 to 2008, we strategically expanded our footprints in mainland China and continuously refined our corporate structure through acquisitions and setting up new subsidiaries. We acquired equity interests in Nanjing Luyuan and Fujian Yizhou, and established Shandong Luyuan, Zhejiang Power and Jinhua Licheng as our subsidiaries.

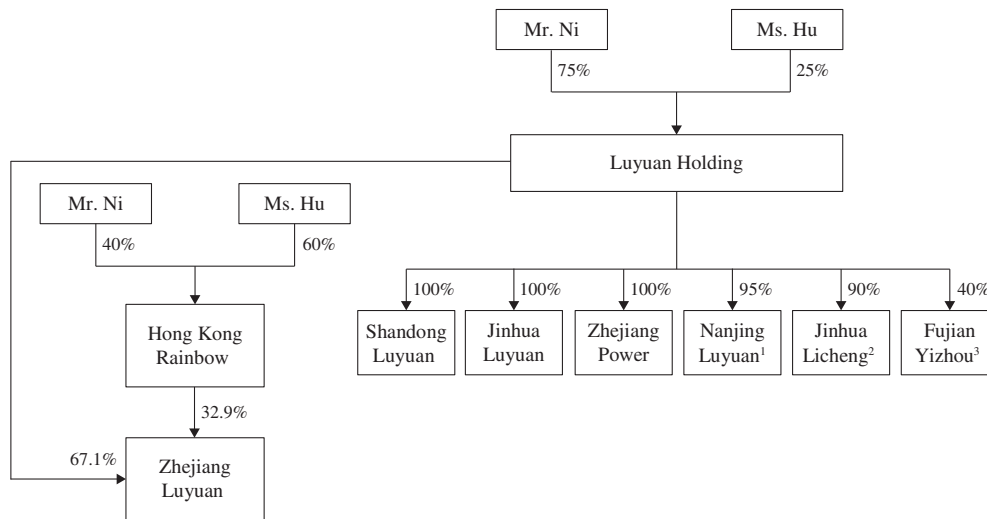
Furthermore, to support a sustainable and rapid development of our Group and to meet capital needs for our continuous research and development in electric vehicles, our founders, Mr. Ni and Ms. Hu, began considering larger scale of fund-raising activities. To this end, our founders, Mr. Ni and Ms. Hu, set up Hong Kong Rainbow, a company incorporated in Hong Kong with limited liability, in 2003, as an investment holding vehicle. Hong Kong Rainbow, together with Luyuan Holding, both then wholly-owned by Mr. Ni and Ms. Hu, held the entire equity interest in Zhejiang Luyuan.

Evolution prior to the Track Record Period

Since around 2009, we evolved with a view to bringing our Group to an international platform for larger scale fund-raising activities in support of our steady business operations and development.

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Set forth below is our simplified corporate and shareholding structure immediately before the Evolution:



Notes:

1. The remaining 5% equity interests in Nanjing Luyuan was owned by Zhan Qiuxiang, a former employee, the then head of sales department of our Group and an Independent Third Party.
2. The remaining 10% equity interests in Jinhua Licheng was owned by Wang Shuanglin, an Independent Third Party.
3. The remaining 60% equity interests in Fujian Yizhou was owned as to 28.8% by Chen Pinshou, 27.45% by Lin Pingzai, and 3.75% by Zhang Xiqing, each an Independent Third Party.

Set out below are the major events involved in the Evolution:

Offshore Development

Establishment of our Company, Luyuan BVI and Luyuan HK

In February 2009, our Company, Luyuan BVI and Luyuan HK were incorporated under the name of “CET Group Holding (Cayman) Limited”, “CET International Limited” and “CET International (Hong Kong) Limited (香港新能源國際有限公司)”, respectively. Our Company, Luyuan BVI and Luyuan HK were renamed as “Luyuan Group Holding (Cayman) Limited”, “Luyuan International Limited” and “Luyuan International (Hong Kong) Limited”, respectively, in March 2011.

Upon incorporation, Mr. Jing, our then chief financial officer primarily responsible for our Group’s offshore business, a Hong Kong resident and nominee shareholder nominated by Mr. Ni and Ms. Hu, was nominated as the sole shareholder of our Company, Luyuan BVI and Luyuan HK. Mr. Jing held all shares in our Company, Luyuan BVI and Luyuan HK on trust for our founders, Mr. Ni and Ms. Hu.

On April 7, 2010, Mr. Jing transferred all shares of Luyuan HK to Luyuan BVI, and on April 9, 2010, transferred all shares in Luyuan BVI to our Company. Following the said transfers, our Company wholly-owned Luyuan BVI, which wholly-owned Luyuan HK, the holding company of our mainland China operations.

Shareholders’ Arrangement

On July 16, 2010, 999 new shares of our Company of a par value of US\$1.00 each were issued to Mr. Jing. On the same day, 300 shares, 300 shares and 400 shares of our Company of a par value of US\$1.00 each issued to and held by Mr. Jing were transferred to Apex Marine, Drago Investments and Best Expand, respectively, at nil consideration. Following the aforesaid transfers, our Company was owned as to 30% by Apex Marine, 30% by Drago Investments and 40% by Best Expand. Mr. Jing held the shares in Apex Marine and Drago Investments on trust for Mr. Ni and Ms. Hu, respectively, and held the shares in Best Expand on trust for Mr. Ni and Ms. Hu jointly. The shares of our Company held by Best Expand were then intended to be used for establishing share incentive scheme of our Company.

On September 9, 2010, Mr. Jing transferred all shares held by him in Apex Marine and Drago Investments to Apex Trust and Drago Trust, respectively, at nil consideration to facilitate our founders’ family estate planning. On December 31, 2017, as the trustee of Apex Trust and Drago Trust then terminated its business segment on trust management, shares held by Apex Trust and Drago Trust in Apex Marine and Drago Investments were temporarily transferred to

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Ms. Ni (daughter of Mr. Ni and Ms. Hu and a member of the senior management of our Company, who held such shares on trust for Mr. Ni and Ms. Hu, respectively) at nil consideration. As confirmed by Mr. Ni and Ms. Hu, the trust arrangement was intended to enable Ms. Ni, who was then living and studying overseas, to manage the offshore structure of our Group in place of Mr. Jing, who indicated his intention to leave our Group in around mid-2018 and left our Group by the end of August 2019, for administrative convenience. On October 15, 2018, all shares in Apex Marine and Drago Investments were transferred by trustee, Ms. Ni, to Mr. Ni and Ms. Hu, respectively, at nil consideration, and all shares in Best Expand were transferred by trustee, Mr. Jing, to Ms. Ni, who held such shares on trust, at nil consideration.

Introduction of Strategic Investors

On June 27, 2011, Best Expand transferred 110 shares and 110 shares of a par value of US\$1.00 each of our Company to Apex Marine and Drago Investments at a consideration of US\$110 and US\$110, respectively. The considerations were determined based on the par value of the shares being transferred. On the same day, Best Expand transferred 80 shares to Shipston at a consideration of US\$6,067,192, which was determined with reference to the financial results of Luyuan Holding for the year ended December 31, 2010 multiplied by a pre-determined fixed ratio. On June 28, 2011, 902 shares, 902 shares, 220 shares and 176 shares of a par value of US\$1.00 each of our Company were issued and allotted on pro-rata basis to Apex Marine, Drago Investments, Best Expand and Shipston at a subscription price of US\$902, US\$902, US\$220 and US\$176, respectively. The aforesaid subscription prices were determined based on the par value of the allotted shares. Following the aforesaid transfers and allotments, our Company was owned as to 41% by Apex Marine, 41% by Drago Investments, 10% by Best Expand and 8% by Shipston. See also “— Pre-[REDACTED] Investments.”

On July 13, 2011, each share of a par value of US\$1.00 of the authorized capital of our Company (including issued and unissued share capital) was subdivided into 10,000 shares of a par value of US\$0.0001 each, and immediately following the aforesaid subdivision, the authorized share capital of our Company was altered to US\$50,000 divided into 500,000,000 shares of a par value of US\$0.0001 each.

On May 26, 2015, 1,017,961 Shares and 1,542,039 Shares were issued and allotted to New Healthcare PPE and New Power PPE at subscription prices of RMB26,405,908.34 and RMB40,000,491.66, or US\$4,295,379 and US\$6,511,483, respectively (based on the exchange rate of US\$1 = RMB6.14 announced by the People’s Bank of China on March 31, 2015). The aforesaid subscription prices were determined with reference to the audited net profit of our Group for the year ended December 31, 2013 multiplied by a pre-determined fixed return ratio and had been fully settled on June 26, 2015.

After New Healthcare PPE and New Power PPE became shareholders of our Company, on July 1, 2015, Zhejiang Luyuan entered into strategic cooperation agreement with Kwang Yang Motor Co., Ltd. (光陽工業股份有限公司) (“**Kwang Yang**”) in relation to the cooperation to design, develop and manufacture electric vehicles for a term of three years from July 1, 2015 to June 30, 2018. Kwang Yang is a motorcycle manufacturer in Taiwan founded in 1963. To the knowledge of the Directors, Kwang Yang is a member of Kwang Yang Holdings Limited, which was the single largest shareholder of New Healthcare PPE and a then shareholder of New Power PPE. Pursuant to the said strategic cooperation agreement, Kwang Yang agreed to provide research and technical support and services to Zhejiang Luyuan in order to shorten our development cycle and enhance our product quality including but not limited to providing technical support in designing and developing new models of electric vehicles and spare parts and assisting in developing our product quality control measures. During the term of the strategic cooperation agreement, new models of electric vehicles were launched in the market with an annual sales volume of 500 units in 2017 only. As the sales performance based on our research cooperation with Kwang Yang was not satisfactory, we decided not to proceed with further cooperation upon expiry of the strategic cooperation agreement.

As our research cooperation with New Healthcare PPE and New Power PPE did not proceed as intended, all Shares issued to New Healthcare PPE and New Power PPE were repurchased by our Company on September 3, 2018 at a consideration of US\$5,154,454.8 and US\$7,813,800, respectively. The aforesaid repurchase considerations were determined based on a return rate of 20% on the subscription price as agreed by our Company, New Healthcare PPE and New Power PPE after arm’s length negotiation and had been fully settled on August 28, 2018.

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Since September 3, 2018 and up to the Latest Practicable Date, the shareholding structure of our Company is as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of Shareholding</u>
Apex Marine	13,120,000	41.0%
Drago Investments	13,120,000	41.0%
Best Expand	3,200,000	10.0%
Shipston	2,560,000	8.0%

Onshore Development

Acquisition of 32.9% equity interest in Zhejiang Luyuan

On June 18, 2009, Luyuan HK entered into an equity transfer agreement to acquire registered capital of US\$2,000,000, representing then 32.9% equity interest, in Zhejiang Luyuan from Hong Kong Rainbow at an aggregate consideration of US\$2,000,000. The consideration was determined with reference to paid-up registered capital of Zhejiang Luyuan being transferred and was fully settled by September 2013.

Establishment of Jinhua Shitong and its Acquisition of 100% equity interest in Luyuan Holding

On June 12, 2009, Jinhua Shitong was established as a wholly-owned subsidiary of Luyuan HK as an investment holding company.

On November 6, 2009, Jinhua Shitong and Luyuan Holding entered into two equity transfer agreements with Mr. Ni and Ms. Hu, pursuant to which, Mr. Ni and Ms. Hu transferred 60% and 20% equity interests in Luyuan Holding to Jinhua Shitong, respectively, at a consideration of RMB30,000,000 and RMB10,000,000, respectively. The aforesaid considerations were determined based on the registered capital of the equity interests being transferred and were fully settled on November 6, 2009. Following which, Luyuan Holding was owned as to 80% by Jinhua Shitong, 15% by Mr. Ni and 5% by Ms. Hu.

On April 2, 2011, Jinhua Shitong injected capital of RMB10,000,000 into Luyuan Holding. Following which, the registered capital of Luyuan Holding increased from RMB50,000,000 to RMB60,000,000 and the registered capital of RMB50,000,000, or 83.3%, was held by Jinhua Shitong, RMB7,500,000, or 12.5%, was held by Mr. Ni and RMB2,500,000, or 4.2%, was held by Ms. Hu.

On June 23, 2011, Mr. Ni and Ms. Hu ceased to hold any equity interests in Luyuan Holding by way of capital reduction. Following which, the registered capital of Luyuan Holding decreased from RMB60,000,000 to RMB50,000,000 and Luyuan Holding was wholly-owned by Jinhua Shitong.

Acquisition of 5% equity interest in Nanjing Luyuan by Luyuan Holding, and Subsequent Disposal of Nanjing Luyuan

On March 16, 2011, Luyuan Holding acquired 5% equity interest in Nanjing Luyuan, a company established in the PRC which was principally engaged in wholesale and sale of electric vehicles, from Zhan Qiuxiang. As agreed between Zhan Qiuxiang and Luyuan Holding, no consideration was paid by Luyuan Holding for the acquisition considering that the 5% equity interests in Nanjing Luyuan were given to Zhan Qiuxiang, a former employee, the then head of sales department of our Group and an Independent Third Party, as a gift to motivate her to work with commitment for the benefits of our Group. Following completion, Nanjing Luyuan was wholly-owned by Luyuan Holding.

On September 20, 2012, Luyuan Holding transferred all equity interest in Nanjing Luyuan to Huang Qingsheng for a consideration of RMB2,000,000. The consideration was determined based on the registered capital of Nanjing Luyuan and had been fully settled on January 24, 2013. Following the aforesaid transfer, our Group ceased to hold any equity interest in Nanjing Luyuan.

The financial results of Nanjing Luyuan for the year ended December 31, 2011 was not consolidated into the financial results of our Group for the year ended December 31, 2011 as we did not participate in the operations and management in Nanjing Luyuan since we had decided to dispose of our interests in Nanjing Luyuan. Based on the management account of Nanjing Luyuan for the year ended December 31, 2010, revenue of Nanjing Luyuan amounted to RMB18.5 million in 2010, all of which were revenue generated from sales of electric vehicles and accessories.

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Huang Qingsheng was a local distributor of our Group and an Independent Third Party. During the Track Record Period, revenue attributable to Huang Qingsheng amounted to RMB18.2 million, RMB23.4 million and RMB21.2 million in 2020, 2021 and 2022, respectively, representing 0.8%, 0.7% and 0.4% of our total revenue in 2020, 2021 and 2022, respectively, whereas no revenue was attributable to Nanjing Luyuan during the Track Record Period.

Disposal of 100% equity interest in Jinhua Luyuan

With a view to benefit from centralized administration and production, taking into account the resources available to, and the qualifications possessed by, Zhejiang Luyuan, businesses of Jinhua Luyuan were transferred to Zhejiang Luyuan. Following which and immediately prior to the disposal, Jinhua Luyuan only held and leased properties and was no longer engaged in production or businesses. On April 6, 2011, all equity interests in Jinhua Luyuan were transferred by Luyuan Holding to Mr. Ni at an aggregate consideration of RMB21,239,424.07, which was determined with reference to the valuation of the net asset and immovable property of Jinhua Luyuan as of December 31, 2010 and had been fully settled by July 19, 2013.

Establishment of Anhui Baijiayu

On June 25, 2012, Anhui Baijiayu was established in the PRC with a registered capital of RMB5,000,000. Anhui Baijiayu was established by Zhejiang Luyuan with Su Bo (director of Shandong Luyuan and Guangxi Luyuan and cousin of Ms. Hu), Ge Yigong (our then local distributor in Anhui) and Lin Xianjun (our business development and strategies consultant who recommended the implementation of equity incentive scheme to our Group), as our Group's share incentive initiative to motivate our staff and local distributors to work for the benefit of our Group through aligning the interests of our employees and business partners with our Group. As of the date of establishment, Anhui Baijiayu was owned as to 51% by Zhejiang Luyuan, 18% by Su Bo, 16% by Ge Yigong, and 15% by Lin Xianjun. Ge Yigong was a local distributor of our Group and an Independent Third Party. During the Track Record Period, revenue attributable to Ge Yigong amounted to RMB4.5 million, RMB5.7 million and nil in 2020, 2021 and 2022, respectively, representing 0.2%, 0.2% and nil of our total revenue in 2020, 2021 and 2022, respectively. Lin Xianjun is an Independent Third Party and no revenue were attributable to Anhui Baijiayu, Su Bo and Lin Xianjun during the Track Record Period.

As we intend to strengthen our control over Anhui Baijiayu, Zhejiang Luyuan acquired from Su Bo 20% equity interest in Anhui Baijiayu at a consideration of RMB1,000,000 pursuant to an equity transfer agreement dated June 24, 2015. The aforesaid consideration was determined with reference to paid-up registered capital being transferred and had been fully settled on June 25, 2015. Following the aforesaid transfer, Zhejiang Luyuan was interested in 71% equity interest in Anhui Baijiayu.

Establishment of Jiangsu Luyuan

On September 5, 2012, Jiangsu Luyuan was established in the PRC with a registered capital of RMB20,000,000 and was principally engaged in research and development of electric vehicles and sales and distribution of three-wheeled electric vehicles. As of the date of establishment, Jiangsu Luyuan was owned as to 70%, 15% and 15% by Luyuan Holding, and two Independent Third Parties, Liu Zhijun and Xu Wanlin, respectively.

As Liu Zhijun and Xu Wanlin indicated their intention to exit from the three-wheeled electric vehicle projects and as part of our internal restructuring, on October 14, 2013, Luyuan Holding, Liu Zhijun and Xu Wanlin transferred all their equity interest in Jiangsu Luyuan to Zhejiang Luyuan at a consideration of RMB14,000,000, RMB3,000,000 and RMB3,000,000, respectively. The aforesaid considerations were determined with reference to the paid-up registered capital under transfer and had been fully settled by October 17, 2013. Following the aforesaid transfers, Jiangsu Luyuan was wholly-owned by Zhejiang Luyuan.

Establishment and Deregistration of Hebei Fangzhen

On September 5, 2012, Hebei Fangzhen was established in the PRC with a registered capital of RMB5,000,000 and was principally engaged in sales and after-sale of electric vehicles and marketing businesses. Hebei Fangzhen was established by Zhejiang Luyuan with Su Bo (director of Shandong Luyuan and Guangxi Luyuan and cousin of Ms. Hu), Hai Wei (our then Group's sales manager responsible for Hebei district), and Zhang Qiang, Liu Yanming, Yuan Songya and Zhou Hongxin, each a then local distributor in Hebei district, as our Group's share incentive initiative to motivate our local distributors and sales personnel to work for the benefit of our Group through aligning the interests of our employees and business partners with our Group. As of the date of establishment, Hebei Fangzhen was owned to 51% by Zhejiang Luyuan, 28% by Su Bo, 8% by Zhang Qiang, 6% by Hai Wei, 4% by Liu Yanming, 2% by Yuan Songya and 1% by Zhou Hongxin. Each of Zhang Qiang, Hai Wei, Liu Yanming, Yuan Songya and Zhou Hongxin is an Independent Third Party. During the Track Record Period, revenue attributable to Zhang Qiang amounted to RMB3.9 million, RMB7.2 million, RMB8.3 million

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in 2020, 2021 and 2022, respectively, representing 0.2%, 0.2% and 0.2% of our total revenue in 2020, 2021 and 2022, respectively. Revenue attributable to Liu Yanming amounted to RMB0.4 million, RMB0.3 million, RMB0.1 million in 2020, 2021 and 2022, respectively, representing 0.02%, 0.01% and 0.002% of our total revenue in 2020, 2021 and 2022, respectively. No revenue was attributable to Yuan Songya during the Track Record Period. Revenue attributable to Zhou Hongxin amounted to RMB0.4 million, RMB0.3 million and RMB0.6 million in 2020, 2021 and 2022, respectively, representing 0.02%, 0.01% and 0.01% of our total revenue in 2020, 2021 and 2022, respectively.

As we intend to centralize our sales and marketing business functions, business functions of Hebei Fangzhen were shifted back to Zhejiang Luyuan. Following which, filing for deregistration was made on April 27, 2017 and deregistration was completed on November 12, 2019.

Establishment of Guangdong Luyuan

On March 26, 2013, Guangdong Luyuan was established in the PRC with a registered capital of RMB10,000,000 as part of our share incentive initiative to motivate our employees to work for the benefit of our Group through aligning the interests of our employees with our Group. As of the date of incorporation, Guangdong Luyuan was owned as to 51%, 46% and 3% by Luyuan Holding, Su Bo (director of Shandong Luyuan and Guangxi Luyuan and cousin of Ms. Hu) and Li Song, an Independent Third Party and then an employee of our Group, respectively. As we planned to unify our shares incentive initiatives for our employees and other business partners by adopting share incentive scheme on our Company level and as part of our internal restructuring, on November 7, 2013, Luyuan Holding, Su Bo and Li Song transferred 51%, 46% and 3% equity interest in Guangdong Luyuan, respectively, to Zhejiang Luyuan at a consideration of RMB5,100,000, RMB4,600,000 and RMB300,000, respectively. The aforesaid considerations were determined with reference to the paid-up registered capital being transferred and had been fully settled on November 27, 2013. Following the aforesaid transfers, Guangdong Luyuan was wholly-owned by Zhejiang Luyuan.

Merger of Zhejiang Luyuan and Jinhua Shitong

On July 1, 2013, Jinhua Shitong, the then sole shareholder of Luyuan Holding and wholly-owned subsidiary of Luyuan HK, resolved that Zhejiang Luyuan would acquire and absorb Luyuan Holding. On the same day, Luyuan HK, the then sole shareholder of Jinhua Shitong, resolved that Zhejiang Luyuan would acquire and absorb Jinhua Shitong. Following the Mergers, Luyuan Holding and Jinhua Shitong were deregistered on June 13, 2014 and July 25, 2014, respectively, and Zhejiang Luyuan, being the surviving entity with a registered capital of US\$12,000,000, was wholly-owned by Luyuan HK.

Based on the management accounts of Luyuan Holding for the year ended December 31, 2013, (i) total assets of Luyuan Holding amounted to RMB146.4 million as of December 31, 2013, primarily comprise of long term equity investment of RMB133.6 million and cash and other receivables of RMB12.8 million, and (ii) net profit of Luyuan Holding amounted to RMB90.9 million in 2013, primarily comprise of investment return of RMB98.4 million as adjusted by finance cost of RMB6.9 million and administrative fees of RMB0.9 million.

Based on the management accounts of Jinhua Shitong for the year ended December 31, 2013, (i) total assets of Jinhua Shitong amounted to RMB73.5 million as of December 31, 2013, primarily comprise of RMB54.0 million long term equity investment, and cash and other receivables of RMB19.5 million, and (ii) net profit of Jinhua Shitong amounted to RMB42.9 million in 2013, primarily comprise of investment return of RMB42.3 million.

Conversion of Zhejiang Luyuan into a sino-foreign equity joint venture

On June 17, 2015, Luyuan HK, then sole shareholder of Zhejiang Luyuan resolved to increase the registered capital of Zhejiang Luyuan from US\$12,000,000 to US\$24,500,000 and such contribution shall be made by Zhejiang Hongzi. Zhejiang Hongzi was established in the PRC on April 29, 2015 and wholly-owned by Linyishi Hongzi, a company established in the PRC on April 7, 2015 owned as to 70% by Shandong Luyuan and 30% by Guangdong Luyuan. Following the said capital contribution, Zhejiang Luyuan became a sino-foreign equity joint venture enterprise, which was owned as to 51% by Zhejiang Hongzi and 49% by Luyuan HK.

Establishment of Zhejiang Luyuan Information Technology

On May 28, 2015, Zhejiang Luyuan Information Technology was established as a direct wholly-owned subsidiary of Zhejiang Luyuan principally engaged in the sale of electric vehicles and accessories with a view to delineate our sales functions in Zhejiang from our production functions in Zhejiang to refine our Group structure.

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Investment in Hangzhou Guangyang

With an aim to strengthening business collaboration and leveraging the resources available to New Power PPE, one of our strategic and Pre-[REDACTED] Investors, on August 7, 2015, Zhejiang Luyuan invested in Hangzhou Guangyang by way of capital injection of RMB3,550,000. Following which, Hangzhou Guangyang was owned as to 50% by New Power PPE, 30% by Zhejiang Luyuan, and 20% by Hangzhou Luda Electric Vehicle Chain Co., Ltd. (杭州綠達電動車連鎖有限公司), an Independent Third Party, and Hangzhou Guangyang became an associated company of our Company.

Acquisition of 100% equity interests in Jinhua Yicheng

With an aim to strengthening our in-house marketing capabilities, on November 16, 2016, Zhejiang Luyuan acquired 100% equity interests in Jinhua Yicheng from Jiang Yuanjie and Zhang Jianjun, each an Independent Third Party, at an aggregate consideration of RMB200,000. The consideration was determined with reference to paid-up registered capital of Jinhua Yicheng and was fully settled on May 31, 2017. Following the aforesaid transfer, Jinhua Yicheng was wholly-owned by Zhejiang Luyuan.

Acquisition of 100% equity interests in and Merger of Linyishi Luling Property Services

On February 9, 2018, with a view to saving rental costs, Shandong Luyuan injected capital of RMB90,000,000 into Linyishi Luling Property Services, Linyishi Luling Property Services was a property holding company which, prior to the said capital injection by Shandong Luyuan, let properties to our Group and was then owned as to 60% by Ms. Hu and as to 40% Yang Jun, an Independent Third Party. The registered capital of Linyishi Luling Property Services increased from RMB10,000,000 to RMB100,000,000, which were held by Ms. Hu, Yang Jun, an Independent Third Party, and Shandong Luyuan as to 6%, 4% and 90%, respectively.

On June 1, 2018, Zhejiang Luyuan Information Technology acquired 6% and 4% equity interest in Linyishi Luling Property Services from Ms. Hu and Yang Jun at a consideration of RMB6,000,000 and RMB4,000,000, respectively, which were determined with reference to the paid-up capital of the equity interests being transferred and was fully settled on June 12, 2018. Following which, Linyishi Luling Property Services was owned as to 90% by Shandong Luyuan and 10% by Zhejiang Luyuan Information Technology.

Pursuant to an agreement entered into between Shandong Luyuan and Linyishi Luling Property Services on September 7, 2019, Shandong Luyuan absorbed and merged Linyishi Luling Property Services, then a property holding company, to facilitate Shandong Luyuan in obtaining the relevant licence for manufacturing motorcycles in mainland China. Following which, on October 10, 2019, Linyishi Luling Property Services was deregistered, and the registered capital of Shandong Luyuan increased from RMB80,000,000 to RMB90,000,000, among which RMB86,148,000, or 95.72%, was held by Zhejiang Luyuan and RMB3,852,000, or 4.28%, was held by Zhejiang Luyuan Information Technology.

Based on the management accounts of Linyishi Luling Property Services for the year ended December 31, 2018, the total assets of Linyishi Luling Property Services as of December 31, 2018 amounted to RMB185.2 million, primarily comprise of value of properties such as staff quarters and factories of RMB175.2 million and value of parcel of lands of RMB9.8 million.

Disposal of Jiangsu Luyuan

On March 28, 2018, as the business performance of Jiangsu Luyuan, a company that was principally engaged in research and development of electric vehicles and sales and distribution of three-wheeled electric vehicles, was unsatisfactory, Zhejiang Luyuan transferred all equity interests in Jiangsu Luyuan to Jiangsu Zongshen Vehicle Co., Ltd (江蘇宗申車業有限公司) (“**Jiangsu Zongshen**”), an Independent Third Party, at an aggregate consideration of RMB148,000,000. The said consideration was determined with reference to the net book value of the net assets of Jiangsu Luyuan. The consideration of RMB100,000,000 had been settled in December 2018. Jiangsu Zongshen subsequently disagreed with the said net book value and thus disputed on the remaining amount of consideration payable. Following the arbitration between Zhejiang Luyuan and Jiangsu Zongshen, parties have agreed that the remaining balance of the consideration for the transfer of all equity interests in Jiangsu Luyuan shall be RMB43,940,000, which shall be settled by Jiangsu Zongshen in two installments in cash. The aggregate consideration of RMB143,940,000 had been fully settled on December 9, 2021. Since then, Jiangsu Luyuan ceased to be a subsidiary of our Group and our Group ceased to have any equity interest in Jiangsu Luyuan.

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Based on the audited report of Jiangsu Luyuan for the year ended December 31, 2017 prepared and audited in accordance with the then applicable PRC accounting standards, the total assets of Jiangsu Luyuan as of December 31, 2017 amounted to RMB178.8 million, primarily comprise of net value of fixed assets including properties, plant and equipment and machineries of RMB134.3 million, other receivables of RMB32.5 million and intangible assets of RMB10.3 million.

Establishment of Jiangsu Motor Luyuan and Guangxi Luyuan

On March 18, 2019, Jiangsu Motor Luyuan was established in the PRC as a limited company intended for developing our manufacture and sales of motorcycles and spare parts. As of the date of establishment, Jiangsu Motor Luyuan had a registered capital of RMB20,000,000 and was wholly-owned by Zhejiang Luyuan.

On August 28, 2019, Guangxi Luyuan was established in the PRC as a limited company principally engaged in the production of two-wheeled electric vehicles in Guangxi. As of the date of establishment, Guangxi Luyuan had a registered capital of RMB5,000,000, and was wholly-owned by Zhejiang Luyuan.

Capital Increase in Shandong Luyuan

On November 22, 2019, then shareholders of Shandong Luyuan resolved to increase the registered capital of Shandong Luyuan from RMB90,000,000 to RMB200,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on November 28, 2019. Following the said capital increase, the registered capital of Shandong Luyuan of RMB196,148,000, or 98.074%, was held by Zhejiang Luyuan and RMB3,852,000, or 1.926%, was held by Zhejiang Luyuan Information Technology.

Deregistration of Subsidiaries

We deregistered some entities, which for a certain period of time were intended to contribute, or had contributed, to our Group’s development strategically but prior to deregistration no longer had business operations nor holding investments. Our Directors confirm that none of these subsidiaries which were deregistered were subject to material non-compliance or any pending litigation or penalties, and each of these subsidiaries which were deregistered were solvent, prior to their respective deregistration. Set forth below details of such deregistration:

Name of subsidiary deregistered	Principal business	Reason for deregistration	Deregistration date
Jinhua Licheng	Manufacture and sale of electric vehicles accessories	Taking into account the financial performance and business prospect of Jinhua Licheng, shareholders of Jinhua Licheng voluntarily decided to deregister Jinhua Licheng, which was in line with the business plan of our Group.	October 17, 2009
Zhejiang Power	Research and development and manufacture of batteries	Zhejiang Power was initially set up intended for battery production business as our Group’s new business line. Based on the management accounts of Zhejiang Power for the year ended December 31, 2010, Zhejiang Power recorded net loss of RMB2.6 million in 2010 despite it recorded total revenue of RMB71.3 million in 2010, all of which were all derived from sales of battery products. Our Group subsequently decided not to proceed in pursuing battery production business having considered the costs involved in obtaining and maintaining the relevant necessary approvals, licenses and permits.	January 6, 2011
Luyuan Holding	Investment holding	Luyuan Holding had no business operation after the Mergers and immediately prior to the deregistration.	June 13, 2014
Jinhua Shitong	Electricity and heat production and supply	Jinhua Shitong had no business operation after the Mergers and immediately prior to the deregistration.	July 25, 2014

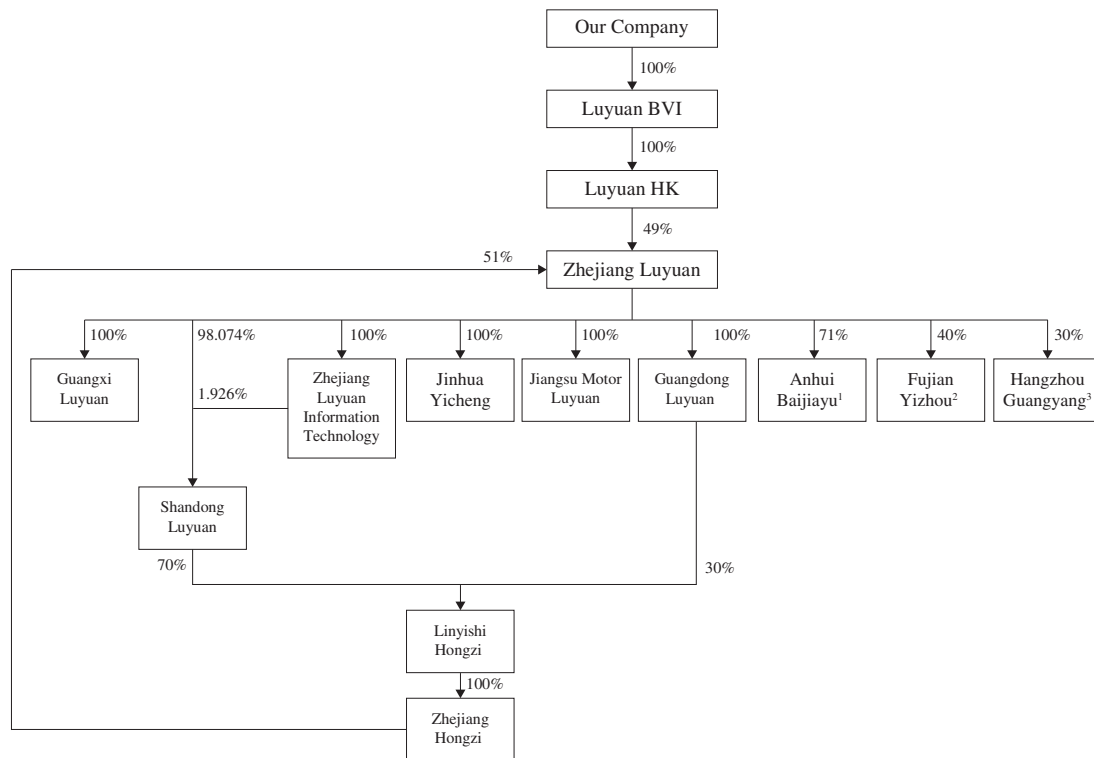
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Name of subsidiary deregistered	Principal business	Reason for deregistration	Deregistration date
Linyishi Luling Property Services	Property holding	Linyishi Luling Property Services had no business operation after it was merged with Shandong Luyuan and immediately prior to the deregistration.	October 10, 2019
Hebei Fangzhen	Sales and after-sale of electric vehicles and marketing business	As we intend to centralize our sales and marketing business functions, business functions of Hebei Fangzhen were shifted back to Zhejiang Luyuan. Hebei Fangzhen had no business operation thereafter and immediately prior to the deregistration.	November 12, 2019

DEVELOPMENTS SINCE THE COMMENCEMENT OF THE TRACK RECORD PERIOD

During the Track Record Period, our Group continue to grow our business steadily.

Set forth below is our simplified corporate and shareholding structure showing our major subsidiaries and investments in associated companies immediately prior to the Track Record Period:



Notes:

1. The remaining 29% equity interest in Anhui Baijiayu was owned as to 16% by Ge Yigong, 8% by Wang Hongxue (a former employee), 3% by Lin Xianjun and 2% by Qi Ping (a former employee), each an Independent Third Party.
2. The remaining 60% equity interests in Fujian Yizhou was owned as to 28.8% by Chen Pinshou, 27.45% by Lin Pingzai, and 3.75% by Zhang Xiqing, each an Independent Third Party.
3. The remaining 70% equity interests in Hangzhou Guangyang was owned as to 50% by New Power PPE, and 20% by Hangzhou Luda Electric Vehicle Chain Co., Ltd (杭州綠達電動車連鎖有限公司), an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

To meet the business and corporate needs and growth of our Group, we carried out several corporate actions during the Track Record Period:

Capital Increase in Shandong Luyuan and Zhejiang Luyuan

On June 12, 2020, then shareholders of Zhejiang Luyuan resolved to increase the registered capital of Zhejiang Luyuan from US\$24,500,000 to US\$53,000,000 and such contribution shall be made by Linyishi Hongzi. Thus, the registered capital of Zhejiang Luyuan increased from US\$24,500,000 to US\$53,000,000 and the registered capital of Zhejiang Luyuan of US\$28,500,000, or 53.78%, was held by Linyishi Hongzi, US\$12,500,000, or 23.58%, was held by Zhejiang Hongzi and US\$12,000,000, or 22.64%, was held by Luyuan HK.

On June 20, 2020, then shareholders of Shandong Luyuan resolved to increase the registered capital of Shandong Luyuan increased from RMB200,000,000 to RMB400,000,000 and such contribution shall be made by Zhejiang Luyuan, which had been fully settled on June 29, 2020. Following the said capital increase, the registered capital of Shandong Luyuan of RMB396,148,000, or 99.037%, was held by Zhejiang Luyuan and RMB3,852,000, or 0.963%, was held by Zhejiang Luyuan Information Technology.

Deregistration of Anhui Baijiayu

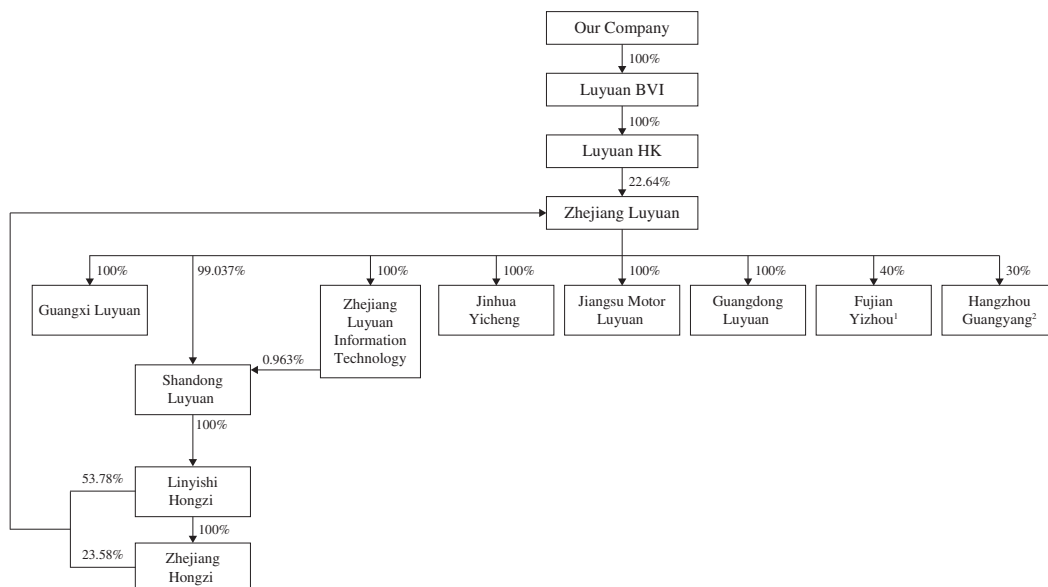
As the development of Anhui Baijiayu did not achieve our intended results in motivating our local business partners by way of share incentives, the business of Anhui Baijiayu, a company established in the PRC which was principally engaged in sale of electric vehicles and accessories, was shifted to Zhejiang Luyuan Information Technology. Anhui Baijiayu, which had no business operation immediately prior to its deregistration, was deregistered on June 4, 2020. Our Directors confirm that Anhui Baijiayu was not subject to material non-compliance or any pending litigation or penalties during the Track Record Period and until the date of its deregistration.

Reorganization of Linyishi Hongzi

Guangdong Luyuan transferred 30% equity interests in Linyishi Hongzi to Shandong Luyuan at an aggregate consideration of RMB600,000 pursuant to an equity transfer agreement dated May 5, 2020. The consideration was determined with reference to registered capital of Linyishi Hongzi being transferred and had been fully settled on May 7, 2020. Following which, Linyishi Hongzi was wholly-owned by Shandong Luyuan.

REORGANIZATION

Set forth below is our corporate and shareholding structure immediately prior to the Reorganization:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

1. The remaining 60% equity interests in Fujian Yizhou was owned as to 28.8% by Chen Pinshou, 27.45% by Lin Pingzai, and 3.75% by Zhang Xiqing, each an Independent Third Party.
2. The remaining 70% equity interests in Hangzhou Guangyang was owned as to 50% by New Power PPE, and 20% by Hangzhou Luda Electric Vehicle Chain Co., Ltd (杭州綠達電動車連鎖有限公司), an Independent Third Party.
3. During the Track Record Period, we held equity interests in two subsidiaries which we consider to be immaterial to our Group in terms of its revenue contribution and development of our Group: (i) Luyuan Technology Holding (Zhejiang) Co., Ltd (綠源科技控股(浙江)有限公司), which was established on December 7, 2021 with no business operations and wholly-owned by Luyuan HK and (ii) LYVA COMPANY LIMITED, which was principally engaged in manufacture and sale of electric vehicles and accessories, and we ceased to hold any equity interest in LYVA COMPANY LIMITED following our disposal of all equity interests in LYVA COMPANY LIMITED to Trinh Huyen Chang, an Independent Third Party, at an aggregate consideration of 100,000,000 VND in September 2022. The consideration was determined taking into account the cash in hand and the number of sales channels then available to LYVA COMPANY LIMITED. The consideration had been settled in full in September 2022. For details of the principal activities of and shareholding of our Group in the two said subsidiaries during the Track Record Period, see Note 11 in Accountants’ Report as set out in Appendix I.

Shareholders’ Reorganization

On June 10, 2022, Ms. Ni, as trustee, returned all shares in Best Expand to the beneficiaries, Mr. Ni and Ms. Hu, in equal shares at nil consideration. On the same day, Mr. Ni agreed to transfer all shares in Apex Marine to Ms. Hu and Ms. Hu agreed to transfer all shares in Drago Investments to Mr. Ni, each at nil consideration.

Upon completion, (i) Best Expand was owned by Mr. Ni and Ms. Hu in equal shares, (ii) Apex Marine was wholly-owned by Ms. Hu, (iii) Drago Investments was wholly-owned by Mr. Ni and (iv) Ms. Ni ceased to be a registered shareholder of our Company.

Onshore Reorganization

In preparation for Listing, we have undertaken several onshore reorganization steps to refine our Group structure:

Reorganization of Zhejiang Luyuan

On December 23, 2021, considering that Zhejiang Luyuan was eligible to apply for relevant licence for manufacturing motorcycles in mainland China, as a wholly foreign-owned company in mainland China, shareholders of Zhejiang Luyuan resolved to reduce the capital of Zhejiang Luyuan from US\$53,000,000 to US\$12,000,000. Upon completion, on February 28, 2022, Linyishi Hongzi and Zhejiang Hongzi ceased to hold any direct equity interest in Zhejiang Luyuan, and Zhejiang Luyuan was wholly-owned by Luyuan HK. As Linyishi Hongzi and Zhejiang Hongzi were investment holding companies without substantial business operations, they were subsequently deregistered on June 29, 2022 and June 23, 2022, respectively.

Acquisition of Ludong (Jinhua) by Zhejiang Luyuan

Pursuant to an equity transfer agreement entered into between Jinhua Luyuan and Zhejiang Luyuan dated December 31, 2021, all equity interest in Ludong (Jinhua), a company established solely for holding properties, were transferred from Jinhua Luyuan, a company established in the PRC with limited liability and then owned as to 95% by Mr. Ni and 5% by Ms. Ni, to Zhejiang Luyuan in order to increase the land reserves available to Zhejiang Luyuan to enhance our production capabilities in Zhejiang, at an aggregate consideration of RMB37,088,611.2. The aforesaid consideration was determined based on valuation of the properties held by Ludong (Jinhua) conducted by independent valuer and had been fully settled by June 8, 2022.

Disposal of Fujian Yizhou and Hangzhou Guangyang

In 2022, we disposed our interests in associated companies whose business performance was unsatisfactory. On February 28, 2022, Zhejiang Luyuan transferred registered capital of RMB6,000,000, representing 40% equity interest of Fujian Yizhou, to Lin Pingzai at an aggregate consideration of RMB6,000,000. Fujian Yizhou was a Fujian-based company principally engaged in the research and development, production and sales of electric bicycles, motors, batteries and accessories. The consideration of RMB6,000,000 was determined with reference to the paid-up registered capital being transferred and has been fully settled on June 29, 2022. Besides, based on the valuation using asset-based approach and applicable asset valuation standards in the PRC conducted by an independent valuer who is a member of China Institute of Real Estate Appraisers and Agents (中國房地產估價師與房地產經紀人學會), the value of Fujian Yizhou as of December 31, 2021 was RMB14.3 million, which was attributable to the appraised total assets of RMB38.3 million, which primarily comprise of (i) fixed assets

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

of RMB20.7 million and (ii) intangible assets (primarily consist of the right to use landed property) of RMB14.5 million, as adjusted by the appraised total liabilities of RMB24.0 million. As Fujian Yizhou was an associated company of our Group and was accounted as share of results in associates and investment in associates in our Group’s income statement and balance sheet, respectively, the disposal gain from the said disposal of 40% equity interests in Fujian Yizhou of RMB6,000,000 was calculated by the consideration of RMB6,000,000 minus the face value of our investment in Fujian Yizhou of RMB0. The face value of our investment in Fujian Yizhou was RMB0 based on equity method because Fujian Yizhou had been suffering loss before 2019, thus full impairment had been made in respect of the Group’s investment in Fujian Yizhou before 2019. Lin Pingzai was a local distributor of our Group and an Independent Third Party. During the Track Record Period, revenue attributable to Lin Pingzai amounted to RMB47.7 million, RMB119.0 million and RMB189.0 million in 2020, 2021 and 2022, respectively, representing 2.0%, 3.5% and 4.0% of our total revenue in 2020, 2021 and 2022, respectively. The disposal of equity interests in Fujian Yizhou was entered into by our Group based on arm’s length negotiation and on normal commercial terms. Although Fujian Yizhou had been suffering loss prior to 2019, as of December 31, 2021, the appraised value of Fujian Yizhou amounted to RMB14.3 million as Fujian Yizhou held non-current assets including fixed assets of RMB20.7 million and intangible assets of RMB14.5 million based on the valuation conducted on asset-based approach by independent valuer. In consideration of the appraised value of RMB14.3 million of Fujian Yizhou based on the valuation conducted, Lin Pingzai agreed to acquire the 40% equity interests in Fujian Yizhou from our Group. Following such transfer, Fujian Yizhou was owned as to 67.45% by Lin Pingzai, 28.8% by Chen Pinshou and 3.75% by Zhang Xiqing and our Group ceased to hold any equity interest in Fujian Yizhou.

On June 30, 2022, Zhejiang Luyuan entered into an equity transfer agreement to transfer the registered capital of US\$738,000, representing 30% equity interest of Hangzhou Guangyang, to Zhu Liangjun, a former employee of our Group and an Independent Third Party, at an aggregate consideration of RMB840,000. Hangzhou Guangyang was a company established in the PRC which was principally engaged in manufacture and sale of electric vehicles and accessories. The consideration of RMB840,000 was determined with reference to the net asset value of Hangzhou Guangyang as of March 31, 2022 and had been fully settled on November 9, 2022. Following the transfer, our Group ceased to hold any equity interests in Hangzhou Guangyang.

Establishment of Zhejiang Luyuan International Trade

On March 22, 2022, Zhejiang Luyuan International Trade was established in the PRC as a wholly-foreign owned enterprise with a registered capital of RMB10,000,000. Zhejiang Luyuan International Trade was set up as our operating entity for expanding our new international trade business. At the time of establishment and as of the Latest Practicable Date, Zhejiang Luyuan International Trade is wholly-owned by Zhejiang Luyuan.

Deregistration of certain subsidiaries

Following reorganization steps referred to above, we deregistered some entities, most of which no longer had business operations nor holding investments. Our Directors confirm that none of these subsidiaries which were deregistered were subject to material non-compliance or any pending litigation or penalties, and each of these subsidiaries which were deregistered was solvent, during the Track Record Period and until the date of their respective deregistration. Set forth below details of such deregistration:

<u>Name of subsidiary deregistered</u>	<u>Principal business</u>	<u>Reason for deregistration</u>	<u>Deregistration date</u>
Linyishi Hongzi	Investment holding	Linyishi Hongzi was originally incorporated for investment holding purpose. Following reorganization of Zhejiang Luyuan, it had no business operations and was not holding any investment immediately prior to the deregistration.	June 29, 2022

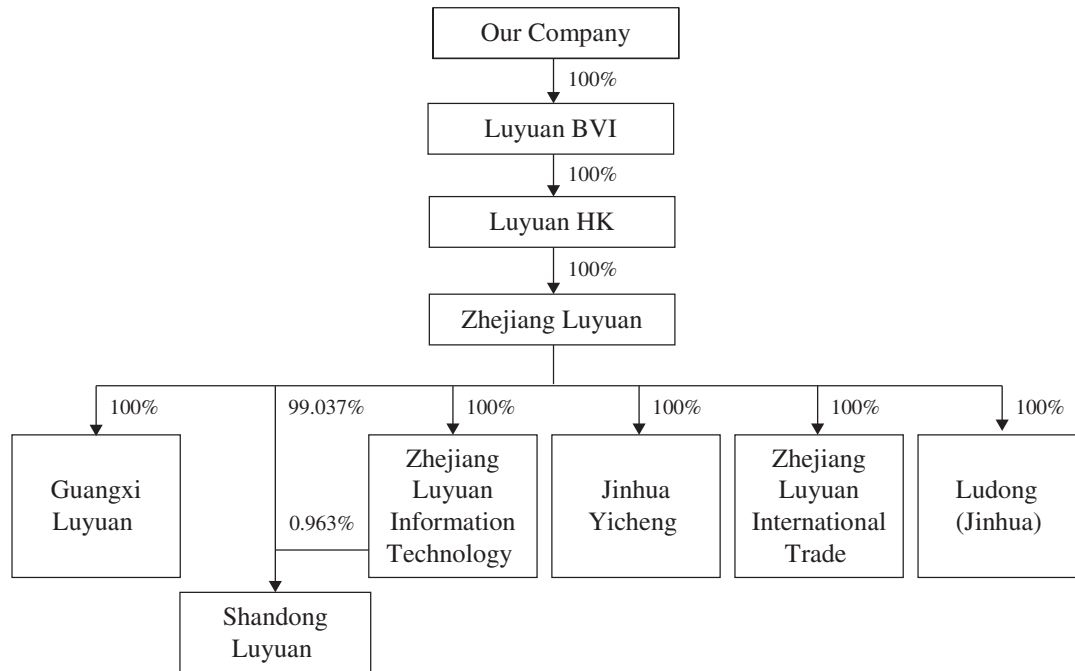
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of subsidiary deregistered	Principal business	Reason for deregistration	Deregistration date
Zhejiang Hongzi	Investment holding	Zhejiang Hongzi was originally incorporated for investment holding purpose. Following reorganization of Zhejiang Luyuan, it had no business operations and was not holding any investment immediately prior to the deregistration.	June 23, 2022
Jiangsu Motor Luyuan	Manufacture of electric vehicles and accessories	Jiangsu Motor Luyuan was initially set up with a focus on manufacturing and sales of motorcycles and spare parts. As the development of our manufacture and sales of motorcycles and spare parts did not proceed as intended, we strategically decided not to continue pursue businesses of manufacture and sales of motorcycles and spare parts and centralize our resources for the growth and development of our two-wheeled electric vehicle business. Jiangsu Motor Luyuan had no substantial business operation immediately prior to its deregistration.	February 18, 2022
Guangdong Luyuan	Manufacture of electric vehicles and accessories	The production by Guangdong Luyuan was shifted to Guangxi Luyuan to save costs. Thus, Guangdong Luyuan had no business operation immediately prior to the deregistration.	March 30, 2023

To the best knowledge of our Directors, none of the subsidiaries and associated companies disposed or deregistered by us as disclosed in this section was (i) subject to material non-compliance or any pending litigation or penalties prior to its respective disposals or deregistration which would have a material adverse impact on the financial results and operations of our Group, (ii) insolvent and unable to pay its debts despite Nanjing Luyuan and LYVA COMPANY LIMITED recorded net liabilities for the year ended December 31, 2010 and December 31, 2021, respectively. To the best knowledge of our Directors, our Directors were not aware of (i) any petition or order for the winding-up of Nanjing Luyuan or LYVA COMPANY LIMITED, (ii) any receiver or manager to take control or possession of any part of Nanjing Luyuan or LYVA COMPANY LIMITED’s assets or undertakings and (iii) any proposal or scheme of compromise or arrangement with any of its creditors prior to our disposal of equity interests in Nanjing Luyuan or LYVA COMPANY LIMITED. Besides, as advised by the PRC Legal Advisors, no material non-compliance incidents in relation to the disposal or deregistration of the mainland China subsidiaries and associated companies disposed or deregistered by us during the Track Record Period as disclosed in this section had been revealed.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is our corporate and shareholding structure immediately after the Reorganization and as of the Latest Practicable Date:



Note: Luyuan Technology Holding (Zhejiang) Co., Ltd. (綠源科技控股(浙江)有限公司) was established in the PRC on December 7, 2021 with no business operations and is wholly-owned by Luyuan HK.

SHARE SCHEME

[We adopted the Pre-[REDACTED] Share Scheme in [●] 2023 as a means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to our Directors, employees and service providers to promote the success of the Company.

Since the adoption of the Pre-[REDACTED] Share Scheme, we had granted [options and awards] to a total of [108] eligible participants, including [14] Directors, senior management or other connected persons of our Company and [94] other employees of our Group to acquire in aggregate of [REDACTED] Shares, or [REDACTED] Shares (as adjusted in accordance with the terms of the Pre-[REDACTED] Share Scheme upon the [REDACTED]), representing [REDACTED]% of the total number of Shares in issue immediately after the [REDACTED] (assuming the [REDACTED] is not exercised). Under the terms of the Pre-[REDACTED] Share Scheme, no share options or share awards may be granted upon or after Listing.

On [●], [Best Expand] transferred [REDACTED] Shares to [●] Limited (“Pre-[REDACTED] Incentive Platform”, a trust company wholly-owned by a trust in which our Company is the settlor, Futu Trustee Limited acts as trustee and the beneficiaries are grantees of the Pre-[REDACTED] Share Scheme) at [nil consideration] for the purpose of settling options and awards when exercised under the Pre-[REDACTED] Share Scheme. As of the Latest Practicable Date, [none] of the options and awards were exercised. [No new Shares will be issued upon vesting or exercise of the options and/or awards.]

For further information about the Pre-[REDACTED] Share Scheme, see “Statutory and General Information – D. Share Incentive Schemes – [●]” in Appendix IV.

PRE-[REDACTED] INVESTMENTS

Investment by Shipston

Pursuant to a share purchase agreement dated June 11, 2011 entered into between Best Expand as seller, Shipston as purchaser, Drago Investments as guarantor and Mr. Ni as founder (the “Shipston Share Purchase Agreement”), Best Expand agreed to sell and Shipston agreed to purchase 80 shares of a par value of US\$1.00 each, representing not less than 8% of the total issued share capital of our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Investment by New Healthcare PPE and New Power PPE and Subsequent Repurchase

Pursuant to a share subscription agreement dated April 22, 2015 entered into between our Company, New Healthcare PPE and New Power PPE (“**New Healthcare and New Power Subscription Agreement**”), New Healthcare PPE and New Power PPE agreed to subscribe, and our Company agreed to issue to New Healthcare PPE and New Power PPE, 1,017,961 Shares and 1,542,039 Shares, representing, approximately 2.95% and 4.46% of the total issued Shares of our Company immediately after completion of the New Healthcare and New Power Subscription Agreement.

On September 3, 2018, all Shares issued to New Healthcare PPE and New Power PPE were repurchased by our Company at a consideration of US\$5,154,454.8 and US\$7,813,800, respectively. As of the Latest Practicable Date, New Healthcare PPE and New Power PPE did not hold any Shares. See “— Early Development and Evolution — Offshore Development — Introduction of Strategic Investors.”

Principal terms of the Pre-[REDACTED] Investments are set out below:

	<u>Investment by Shipston</u>	<u>Investment by New Healthcare PPE and New Power PPE</u>
Amount of consideration paid:	US\$6,067,192	RMB66,406,400 (equivalent to approximately US\$10,811,500)
Basis of determination of consideration:	The consideration paid by Shipston was determined based on an arm’s length basis as a result of negotiations among the parties and was determined with reference to the financial results of Luyuan Holding for the financial years ended December 31, 2010 multiplied by a pre-determined fixed return ratio.	The consideration paid by New Healthcare PPE and New Power PPE was determined based on an arm’s length basis as a result of negotiations among the parties and was determined with reference to the audited net profit of our Group for the financial year ended December 31, 2013 multiplied by a pre-determined fixed return ratio.
Payment date:	June 27, 2011	June 26, 2015
Cost per Share:	US\$0.2	US\$0.4
[REDACTED] to the [REDACTED]:	[REDACTED]%	[REDACTED]%
Aggregate shareholding in the Company immediately after the investment:	8.0%	7.41%
Shareholding in the Company immediately after the [REDACTED]:	[REDACTED]%	[REDACTED]
Strategic benefits to the Company:	Our Group was of the view that through introduction of Shipston, a professional and institutional investor, we can take advantage of the knowledge and experience of Shipston while broadening our shareholder base. Moreover, our Directors were also of the view that our Company could benefit from the investment of Shipston as its investment demonstrated its confidence in the operations of our Company and served as an endorsement of our Company’s performance, strengths and prospects.	Our Group was of the view that through introduction of New Healthcare PPE and New Power PPE, we can leverage the resources and business networks of New Healthcare PPE and New Power PPE that favours the image and brand building of our Group conducive to the future growth and development of our Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

	<u>Investment by Shipston</u>	<u>Investment by New Healthcare PPE and New Power PPE</u>
Lock-up:	Shipston has undertaken not to transfer any Shares it holds for a period of six months following the completion of the [REDACTED].	Not applicable.
Use of proceeds:	As the Pre-[REDACTED] Investment by Shipston was effected by way of equity transfer between Best Expand and Shipston, the consideration was paid to Best Expand and no proceeds were received by our Group.	The proceeds had been fully utilised for payment to New Healthcare PPE and New Power PPE for repurchase of the Shares by our Company on September 3, 2018.

Pursuant to the Shipston Share Purchase Agreement, Shipston is, subject to certain limitations, entitled to certain special rights including (i) rights to receive periodic financial and other information, (ii) right to designate one individual for election or appointment as Director; (iii) veto rights on certain significant corporate matters, (iv) pre-emptive right with respect to certain securities issuance by our Company, (v) rights of first refusal or co-sale with respect to transfer Shares by existing Shareholders and (vi) a put option to require Mr. Ni to purchase Shares held by Shipston at an annual yield of 20.0% at any time before the earlier of June 11, 2012 or the [REDACTED] of our Company, which was not exercised by Shipston during the validity period and has lapsed. All subsisting special rights will terminate on the Listing Date.

Pursuant to the New Healthcare and New Power Subscription Agreement, New Healthcare PPE and New Power PPE shall have the right to nominate jointly one Director. As New Healthcare PPE and New Power PPE are no longer shareholders of our Company, such right is no longer valid. See also “— Early Development and Evolution — Offshore Development — Introduction of Strategic Investors.”

Information about Pre-[REDACTED] Investors

Shipston

Shipston is an investment holding company incorporated in the Turks and Caicos Islands and is wholly-owned by Shipston Group Limited. Shipston Group Limited is wholly-owned by Mr. David R. Dingman, our non-executive Director. It is an international investment firm incorporated in the Republic of Liberia which has held a diverse portfolio of investments in the United States, Eastern Europe, Australia and China. Shipston has extensive experience generating and leading investments through acquisitions, initial public offerings and complex corporate transactions that involve transforming operating units into new public ownership structures.

New Healthcare PPE

New Healthcare PPE is a company established in the PRC with limited liability on December 18, 2013. Based on information publicly available, the largest single shareholder holding 48% equity interests in New Healthcare PPE is Kwang Yang Holdings Limited, a company incorporated in the BVI and none of the remaining four shareholders hold more than 30% equity interests in New Healthcare PPE. To the best knowledge of the Directors, as of the time New Healthcare PPE subscribed shares in our Company, New Healthcare PPE was controlled by Kwang Yang, a motorcycle manufacturer in Taiwan founded in 1963 and an Independent Third Party.

New Power PPE

New Power PPE is a company established in the PRC with limited liability on March 22, 2012. Based on information publicly available, New Power PPE is in the process of liquidation as of the Latest Practicable Date. To the best knowledge of the Directors, as of the time New Power PPE subscribed shares in our Company, New Power PPE was principally held (i) as to 46.875% by Kwang Yang Holdings Limited, a company incorporated in the BVI and controlled by Kwang Yang, a motorcycle manufacturer in Taiwan founded in 1963 and (ii) as to 20% by Zhejiang Province Venture Capital Guidance Fund Management Co. Ltd (浙江省創業風險投資引導基金管理有限公司), a company established in the PRC and controlled by Zhejiang Provincial Department of Finance, each an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As Shipston is ultimately wholly-owned by Mr. David R. Dingman, our non-executive Director, Shipston is a core connected person of our Company. As each of New Healthcare PPE and New Power PPE is no longer a shareholder of our Company, none of New Healthcare PPE and New Power PPE will be a connected person of our Company upon Listing.

Public Float

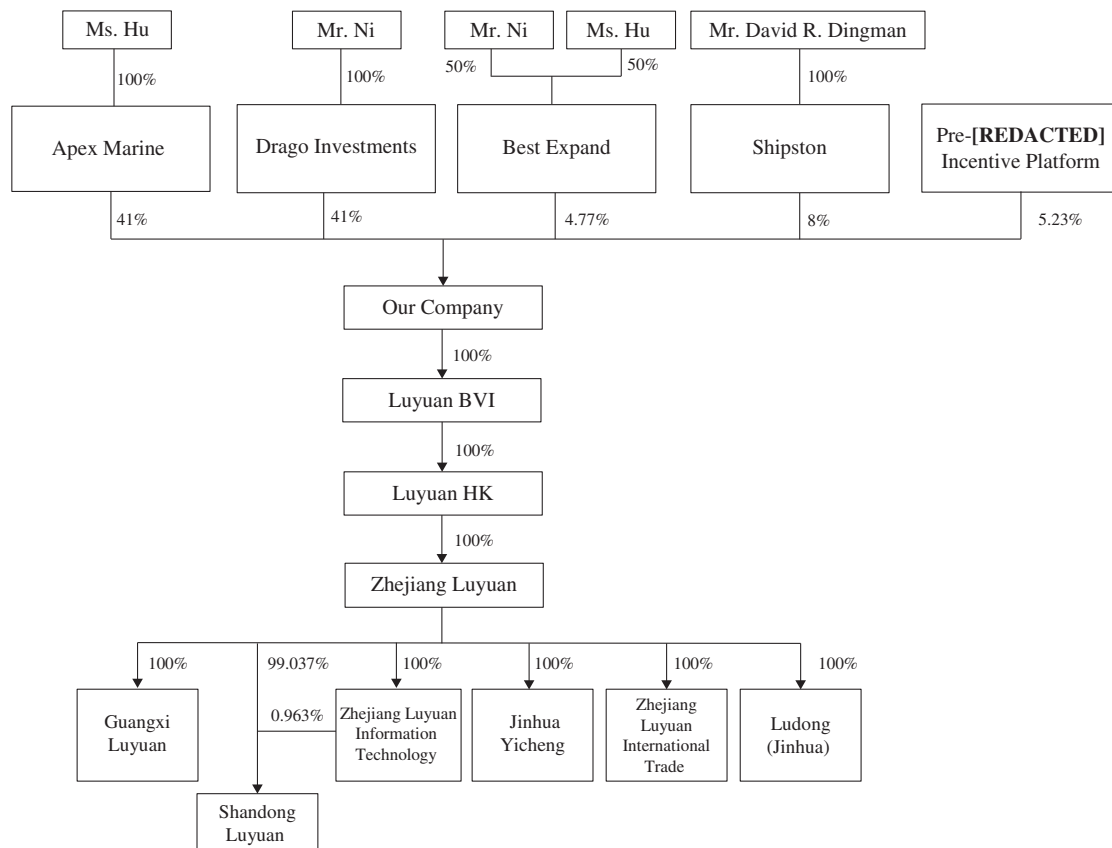
As of the Latest Practicable Date, [Mr. Ni, Ms. Hu, Apex Marine, Drago Investments, Best Expand, Mr. David R. Dingman, Shipston and Pre-[REDACTED] Incentive Platform (of which the beneficiaries include Mr. Chen Guosheng, our executive Director, [11] other connected persons of our Company, two senior management and [94] other employees of our Group)], are core connected persons of our Company and the Shares they held in our Company will not be counted as part of the public float.

Compliance with Interim Guidance and Guidance Letters

Based on the documents provided by our Company relating to the Pre-[REDACTED] Investment, the Sole Sponsor confirms that the Pre-[REDACTED] Investment are in compliance with (i) the Interim Guidance on Pre-[REDACTED] Investment issued by the Stock Exchange on October 13, 2010 and the Guidance Letter HKEX-GL29-12 reproducing the same issued by the Stock Exchange in January 2012 and updated in March 2017; (ii) the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and March 2017; and (iii) the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017.

CORPORATE STRUCTURE

Set forth below is our corporate and shareholding structure immediately prior to the [REDACTED] and the [REDACTED] (assuming the options or awards granted under the Pre-[REDACTED] Share Scheme are not vested or exercised):



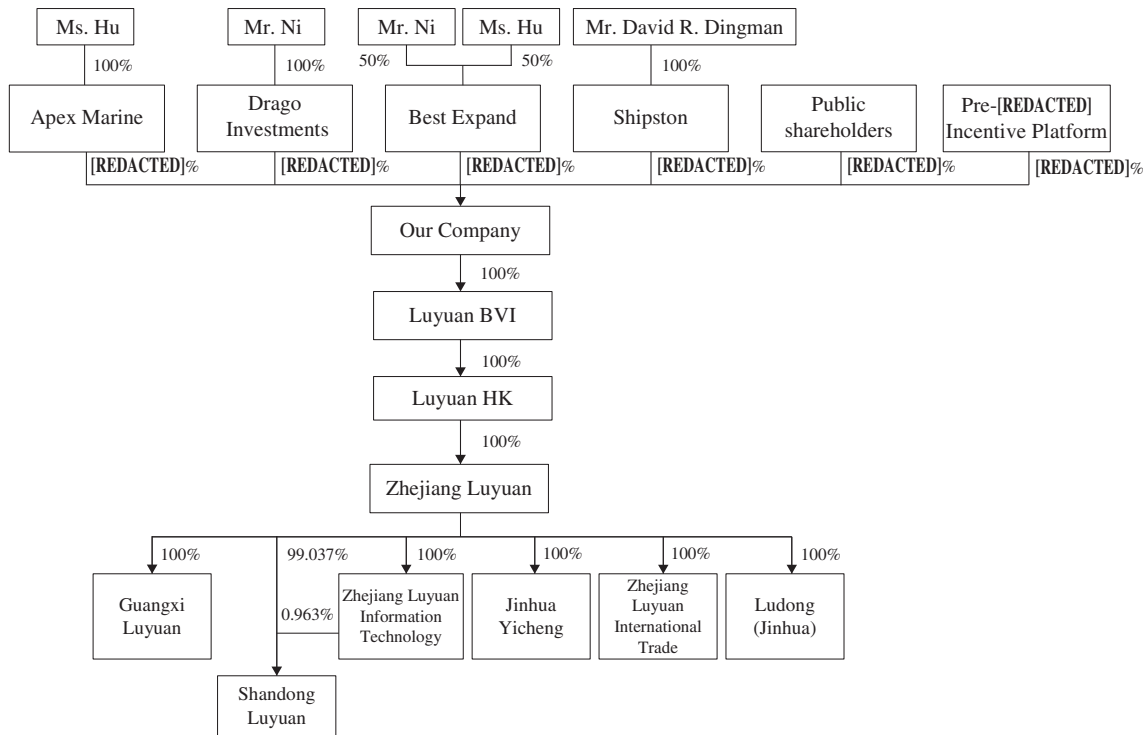
Note: Luyuan Technology Holding (Zhejiang) Co., Ltd. (綠源科技控股(浙江)有限公司), a limited company established in the PRC with no business operation and is a wholly-owned subsidiary of Luyuan HK.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

Pursuant to the written resolutions of our Shareholders passed on [●], conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorized to capitalize an amount of 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 holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in our Company.

Set forth below is our corporate and shareholding structure immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] and the options or awards granted under the Pre-[REDACTED] Share Scheme are not exercised):



Note: Luyuan Technology Holding (Zhejiang) Co., Ltd. (綠源科技控股(浙江)有限公司), a limited company established in the PRC with no business operation and is a wholly-owned subsidiary of Luyuan HK.

COMPLIANCE

Our PRC Legal Advisors confirmed that the share transfers, acquisitions and disposals in respect of the PRC companies in onshore Reorganization as described above have complied with relevant applicable PRC laws and regulations in all material respects.

SAFE REGISTRATION

Pursuant to the SAFE Circular 75 (which has been repealed by SAFE Circular 37), the mainland China resident must register with the local branch of SAFE before incorporating or acquiring control of an offshore special purpose vehicle (the “Overseas SPV”), with assets or equity interests in an offshore company located in mainland China, for the purpose of offshore equity financing and to update or amend the registration upon any material change of shareholding or any other material capital alteration in such Overseas SPV. Pursuant to the SAFE Circular 37, the mainland China resident must register with the local branch of SAFE before incorporating or acquiring control of an Overseas SPV, with assets or equity interests in an offshore company located in mainland China, for the purpose of offshore equity financing or financing. Where a significant matter occurs such as a capital increase/decrease or equity transfer/replacement by a domestic resident individual, the foreign exchange modification registration procedure for foreign investment shall be undertaken with the local branch of SAFE in a timely manner. Pursuant to the Circular of SAFE on Further Simplification and Improvement Policies in Foreign Exchange Administration on Direct Investment (關於進一步

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

簡化和改進直接投資外匯管理政策的通知) issued by SAFE and became effective on June 1, 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks instead of the local branch of SAFE.

Our PRC Legal Advisors have confirmed that each of Mr. Ni and Ms. Hu, being mainland China residents, had completed the original SAFE registrations in respect of his/her investment in our Group in accordance with SAFE Circular 75 on September 17, 2012, and have completed the SAFE registrations in respect of his/her investment in our Group in accordance with SAFE Circular 37 on September 29, 2022.

PROPOSED LISTING IN THE UNITED STATES

On September 30, 2011, we filed a registration statement on Form F-1 with the U.S. Securities and Exchange Commission in relation to our proposed [REDACTED] in the United States (the “**Proposed U.S. Listing**”). In view of the market conditions and sentiments at the material time, we discontinued the application for the Proposed U.S. Listing in 2012 and terminated our Proposed U.S. Listing process as we explored and considered listing on the Stock Exchange.

To the best knowledge of our Directors, our Directors are not aware of any other material matters relating to the Proposed U.S. Listing which shall be brought to the attention of the Stock Exchange, Shareholders or potential investors to form an informed assessment of our Company. Based on the foregoing and the due diligence conducted by the Sole Sponsor, the Sole Sponsor concurred with the Directors that they are not aware of any other material matters relating to the Proposed U.S. Listing which shall be brought to the attention of the Stock Exchange.