

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### OVERVIEW

We are one of the global top five air conditioner providers, with capabilities covering the design, R&D, production, sales and related services of household and central air conditioners. We capture opportunities in the global air conditioner industry with market size of RMB1,312.8 billion in 2024. Our history dates back to 1994 when our founder, Mr. ZHENG Jianjiang, established our business in the air conditioning sector. Over the past 30 years, our operations have expanded from China to the world, covering over 150 countries and regions worldwide. For details of Mr. ZHENG Jianjiang’s relevant industry experience, please see the section headed “Directors and Senior Management” of this document.

### MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
1994 . . . . .	We launched the brand “AUX” and commenced our business in air conditioning industry.
2001 . . . . .	We began to establish our presence in overseas markets.
2002 . . . . .	We published the “Air Conditioner Cost White Paper (空調成本白皮書),” enhancing the transparency of cost structure within the air conditioners industry.
2003 . . . . .	We expanded into the central air conditioner segment.
2011 . . . . .	We are one of the pioneering companies in the industry to promote and sell our products through e-commerce channels.
2017-2018 . . .	We established the Ma’anshan Intelligent Household Air Conditioner Industry Park (馬鞍山智能家用空調產業園) in Anhui Province, being another major production base of our Group after Ningbo and Nanchang.
	We pioneered an innovative online retail model and launched our “Hello AUX” app.
2019 . . . . .	We established our R&D center in Japan which integrates worldwide consumer demands and cutting-edge technology trends to form a product innovation and talent development hub.
	We established a production facility in Thailand, which allowed us to better integrate global needs and market trends.

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Year	Milestone
2021 . . . . .	We became the official exclusive supplier of air conditioners for the 19th Asian Games in Hangzhou.
2023-2024 . . .	We established a strategic partnership with Panasonic regarding the research and production of compressor, which is a core component for our products, to further enhance our competitive advantage in the integrated industrial chain.
	We established overseas sales companies and local teams in Malaysia, Thailand, the U.S., the UAE, Vietnam and Saudi Arabia, thereby continuously accelerate the layout of our self-owned brands overseas.

### OUR MAJOR SUBSIDIARIES

Below are the major subsidiaries that made material contributions to our results of operations during the Track Record Period and up to the Latest Practicable Date.

Name	Date of establishment and commencement of business	Place of establishment	Principal business activities
Ningbo AUX Electric . . . . .	June 24, 2003	PRC	R&D, manufacturing, production and sales of central air conditioners
AUX Import & Export . . . . .	November 10, 1997	PRC	Overseas sales of air conditioners
Nanchang AUX . . .	October 17, 2003	PRC	Manufacturing and production of household air conditioners
AUX Home Appliances . . . . .	February 28, 2012	PRC	Sales of air conditioners in the domestic market
AUX Information .	May 14, 2015	PRC	Online sales of air conditioners in the domestic market
Zhuhai Tuoxin . . . .	June 29, 2016	PRC	R&D of air conditioner technology
AUX Air Conditioner . . . .	December 8, 2016	PRC	R&D, manufacturing, production and sales of household air conditioners

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Name	Date of establishment and commencement of business	Place of establishment	Principal business activities
Huajie Trade . . . . .	June 23, 2017	PRC	Procurement of raw materials for air conditioner production
Anhui AUX . . . . .	November 2, 2017	PRC	Manufacturing and production of household air conditioners
Xtron Thailand . . .	September 24, 2018	Thailand	Manufacturing and production of household air conditioners

For details of the principal activities of the other subsidiaries of our Group, see Note 1 to the Accountants’ Report as set out in Appendix I to this document.

### MAJOR CORPORATE DEVELOPMENTS AND PRE-[REDACTED] REORGANIZATION OF OUR GROUP

#### Early Development

Our history can be traced back to 1994 when our predecessor company, Ningbo AUX Electrical Appliance Factory (寧波奧克斯電器廠), currently known as Ningbo Aosheng, was established in the PRC by our founder, Mr. ZHENG Jianjiang.

On June 24, 2003, Ningbo AUX Electric was established as a company with limited liability in the PRC as the holding company of our central air conditioning business. Immediately upon the establishment, Ningbo AUX Electric was owned as to 60% by AUX Group and 40% by Ao Tai, respectively.

From June 2004 to July 2015, Ningbo AUX Electric underwent a series of capital injections and equity transfers, upon which Ningbo AUX Electric was owned as to 95% by AUX Group and 5% by Ningbo Yuanxing, respectively. In September 2015, Ningbo AUX Electric accomplished all procedures required to convert from a limited liability company to a joint stock company.

After the conversion into a joint stock limited company and prior to its listing on the NEEQ, Ningbo AUX Electric underwent a capital increase to provide equity incentives to the employees and other stakeholders of our Group. For further details, see “— Establishment of Pre-reorganization Shareholding Platforms” below.

Immediately before the listing of Ningbo AUX Electric on the NEEQ, Ningbo AUX Electric was owned as to 80.38% by AUX Group, 4.23% by Ningbo Yuanxing, 9.00% by Ningbo Gaohui and 6.38% by Ningbo Gaochuang, respectively.

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### Listing and Delisting of Ningbo AUX Electric on the NEEQ

On January 15, 2016, shares of Ningbo AUX Electric were listed on the NEEQ under the stock code of 835523.

On December 24, 2016, the shareholders’ resolution regarding the voluntary delisting of Ningbo AUX Electric from the NEEQ was passed at a shareholders’ general meeting of Ningbo AUX Electric. On January 26, 2017, the NEEQ delisting was completed.

For further details, see “— Previous Listing on the NEEQ and the A-Share Listing Attempt” below.

### Establishment of Pre-reorganization Shareholding Platforms

For the purpose of awarding share-based compensation to employees, directors, and other stakeholders of our Group (the “**Eligible Partners**”) to secure their services and incentivize their maximum effort towards our success, four limited partnerships were set up in the PRC as Pre-reorganization Shareholding Platforms, namely Ningbo Gaohui, Ningbo Gaochuang, Ningbo Zhongrui and Ningbo Zhongmei, and our Group issued share capital to such Pre-reorganization Shareholding Platforms during its course of development:

- i. Pursuant to a shareholders’ resolution of Ningbo AUX Electric dated October 10, 2015, each of Ningbo Gaohui and Ningbo Gaochuang subscribed for 11,700,000 and 8,300,000 newly issued shares of Ningbo AUX Electric (representing 9.00% and 6.38% of the then enlarged share capital of Ningbo AUX Electric) at a consideration of RMB20.91 million and RMB14.83 million, respectively.
- ii. Pursuant to a shareholders’ resolution of Ningbo AUX Electric dated August 27, 2017, each of Ningbo Zhongrui and Ningbo Zhongmei subscribed for 11,500,000 and 5,500,000 newly issued shares of Ningbo AUX Electric (representing 1.92% and 0.92% of the then enlarged share capital of Ningbo AUX Electric) at a consideration of RMB41.63 million and RMB19.91 million, respectively.

For further details, see “— Our Shareholding Platforms” below.

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### Business Restructuring

From 2017 to 2019, in anticipation of the Proposed A-Share Listing (as defined in “—Previous Listing on the NEEQ and the A-share Listing Attempt” below) and to further strengthen the core business of our Group, we underwent certain business restructurings whereby all air conditioning business previously directly or indirectly controlled by our Controlling Shareholders were consolidated into our Group upon the completion of such business restructurings. Details of the principal steps of the business restructuring are set forth below:

Equity interest	Transferor	Transferee	Consideration <sup>Note</sup>	Date of the relevant transfer agreement
100% equity interest in AUX Information . . . .	Ningbo Aosheng	Ningbo AUX Electric	RMB42,833,800	July 3, 2017
100% equity interest in AUX Import & Export .	Ningbo Aosheng (70%) AUX Group (30%)	Ningbo AUX Electric	RMB302,820,000 RMB129,780,000	July 20, 2017
100% equity interest in AUX Home Appliances . . . . .	Ningbo Aosheng	Ningbo AUX Electric	RMB71,909,400	July 20, 2017
100% equity interest in Zhuhai Tuoxin . . . . .	Ningbo Aosheng	Ningbo AUX Electric	RMB80,000	July 28, 2017
100% equity interest in Tianjin AUX Electric Co., Ltd. (天津奧克斯電氣有限公司) . . . . .	AUX Group (90%) Ningbo Aosheng (10%)	AUX Air Conditioner	RMB535,752,000 RMB59,528,000	August 17, 2017
100% equity interest in Ningbo Haiding Electric Co., Ltd. (寧波海定電氣有限公司) . . .	Sanxing Medical (54.37%) Ningbo AUX High-Tech Co. Ltd. (寧波奧克斯高科技有限公司) (currently known as Ningbo AUX Intelligent Technology Co., Ltd. (寧波奧克斯智能科技股份有限公司)), a wholly-owned subsidiary of Sanxing Medical (45.63%)	AUX Air Conditioner	RMB122,419,873 RMB102,740,827	October 21, 2017

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Equity interest	Transferor	Transferee	Consideration <sup>Note</sup>	Date of the relevant transfer agreement
100% equity interest in Nanchang AUX . . . . .	AUX Group (67.32%) Ao Tai (25%) Ningbo Yuanhe (7.68%)	Ningbo AUX Electric	RMB380,492,640 RMB141,300,000 RMB43,407,360	December 8, 2017
100% equity interest in Ningbo AUX Refrigeration Equipment Co., Ltd. (寧波奧克斯製冷設備有限公司) . . . . .	AUX Group	Ningbo AUX Electric	RMB403,144,600	January 12, 2018

*Note:* The considerations for the equity transfers were determined after arm’s length negotiation among the parties with reference to, among others, the valuation reports of the relevant target companies prepared by independent valuers.

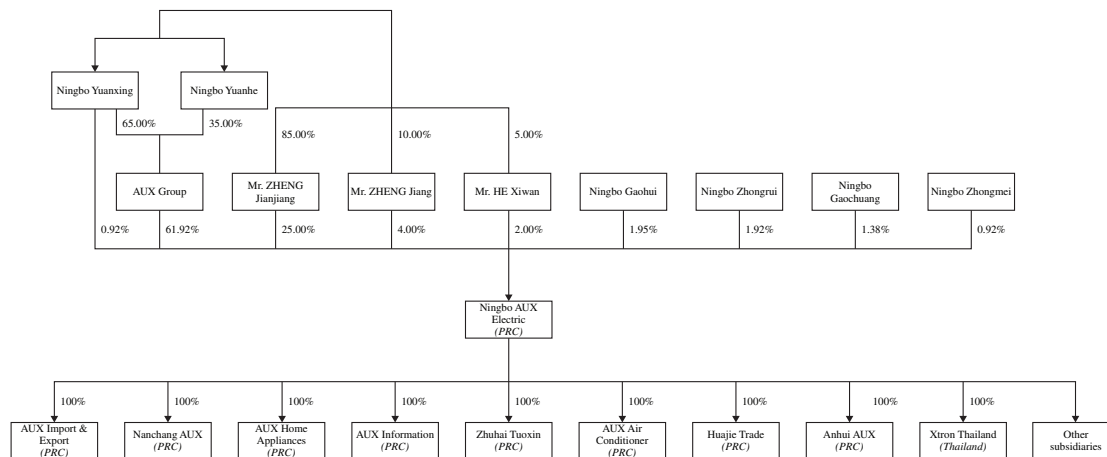
In conjunction with the aforementioned equity transfers, all air conditioning business, including the relevant personnel and related assets previously operated, engaged, or held by other companies controlled by our Controlling Shareholders, were transferred to our Group. Following the completion of the business restructuring, Ningbo AUX Electric became the holding company for our business and our Controlling Shareholders no longer had any interest in air conditioning business outside of our Group, thereby ensuring a clear business delineation between our Group and other entities controlled by our Controlling Shareholders.

As confirmed by our PRC Legal Advisors, within the scope of applicable PRC laws, rules, and regulations, the aforementioned transfers have been legally completed and have obtained the necessary approvals, filings, and permits required by PRC laws and regulations related to the transfers.

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### Pre-[REDACTED] Reorganization

In anticipation of the [REDACTED], we undertook the following Pre-[REDACTED] Reorganization whereby our Company became the holding company of our Group. The following chart illustrates the simplified shareholding structure of our Group immediately before the Pre-[REDACTED] Reorganization:



### Step 1: Incorporation of our Company and establishment of controlling shareholder shareholding structure

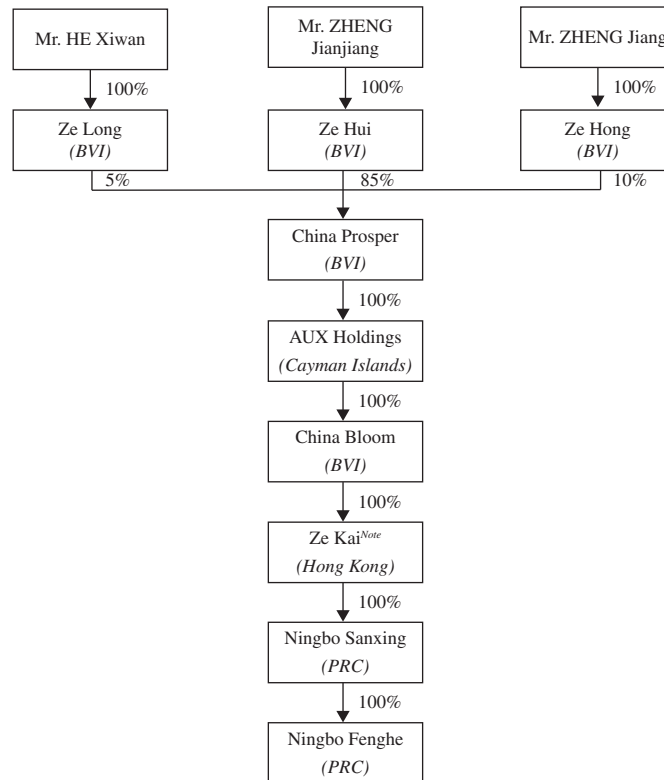
**Our Company:** Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 23, 2024. The initial authorized share capital of our Company was US\$50,000 divided into 10,000,000,000 Shares with a par value of US\$0.000005 each. Upon its incorporation, one Share was issued and allotted at par value, which was then transferred to AUX Holdings.

**Controlling Shareholder shareholding structure:** AUX Holdings, incorporated in the Cayman Islands as an exempted company with limited liability, is wholly owned by China Prosper, which was incorporated in the BVI with limited liability and is owned as to 85%, 10% and 5% by Ze Hui (an investment holding company wholly owned by Mr. ZHENG Jianjiang), Ze Hong (an investment holding company wholly owned by Mr. ZHENG Jiang) and Ze Long (an investment holding company wholly owned by Mr. HE Xiwan), respectively.

Prior to the completion of the Pre-[REDACTED] Reorganization, Ningbo Fenghe was wholly owned by Ningbo Sanxing, which in turn was wholly owned by Ze Kai. Ze Kai is wholly owned by China Bloom, a wholly-owned subsidiary of AUX Holdings. Please refer to the chart below for a simplified view of the controlling shareholder shareholding structure prior to the completion of the Pre-[REDACTED] Reorganization.

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None of Ningbo Fenghe, Ningbo Sanxing, Ze Kai, China Bloom, AUX Holdings or China Prosper was engaged in any substantial business activities other than investment holding as of the Latest Practicable Date.



*Note:* During the Pre-[REDACTED] Reorganization, on September 19, 2024, the entire equity interest of Ningbo Zezhong Building Material Trading Co., Ltd. (寧波澤眾建築材料貿易有限公司) (“Ningbo Zezhong”), which was then a limited liability company wholly-owned by Ze Kai, was transferred to AUX Group. Ningbo Zezhong had no substantial business operation as of the time of the equity transfer.

### ***Step 2: Acquisition of the entire equity interest in Ningbo AUX Electric by AUX Group***

Prior to the Pre-[REDACTED] Reorganization, Ningbo Gaohui, Ningbo Zhongrui, Ningbo Gaochuang and Ningbo Zhongmei were owned by Eligible Partners as to 44.48%, 58.08%, 76.66% and 73.46%, respectively. The remaining partnership interests in such Pre-reorganization Shareholding Platforms were held by AUX Group.

On October 18, 2024, AUX Group acquired the partnership interest in Ningbo Gaohui, Ningbo Zhongrui, Ningbo Gaochuang and Ningbo Zhongmei held by the Eligible Partners at a consideration of approximately RMB48.1 million, RMB61.7 million, RMB58.8 million and RMB37.3 million (collectively, the “**Eligible Partners Consideration**”), respectively. All considerations were fully settled on November 4, 2024.



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On November 7, 2024, AUX Group acquired 38.08% equity interest in Ningbo AUX Electric from Mr. ZHENG Jianjiang, Mr. ZHENG Jiang, Mr. HE Xiwan, Ningbo Yuanxing, Ningbo Gaohui, Ningbo Zhongrui, Ningbo Gaochuang and Ningbo Zhongmei at an aggregate consideration of approximately RMB2.11 billion. The consideration was determined with reference to a valuation report of Ningbo AUX Electric prepared by an independent valuer and fully settled on November 14, 2024. Upon the completion of the above transfers, Ningbo AUX Electric became wholly owned by AUX Group.

### ***Step 3: Establishment of Offshore Shareholding Platforms***

For the purpose of better administration and to complete the relevant ODI procedure, Ningbo HeCe, Ningbo HeTu, Ningbo HeChang and Ningbo HeYao were established as limited partnerships in the PRC and the Eligible Partners’ interests in the Pre-reorganization Shareholding Platforms were reflected in such Offshore Shareholding Platforms.

In order to further reflect the Eligible Partners’ interests in our Group at the Company level, on October 22, 2024, each of HeCe, HeTu, HeChang and HeYao was established in the BVI. They are wholly owned by Ningbo HeCe, Ningbo HeTu, Ningbo HeChang and Ningbo HeYao, respectively.

### ***Step 4: Onshore equity swap between Ningbo Sanxing and AUX Group***

On November 13, 2024, Ningbo Sanxing and AUX Group entered into an equity swap agreement, pursuant to which, Ningbo Sanxing acquired the entire equity interest in Ningbo AUX Electric held by AUX Group and in consideration, AUX Group received 100% equity interest in Ningbo Fenghe held by Ningbo Sanxing and RMB14.43 million in cash (representing the difference in the valuations between Ningbo AUX Electric and Ningbo Fenghe), which was fully settled on December 26, 2024 (the “**Equity Swap**”). The consideration was determined after arm’s length negotiation with reference to the valuation reports of Ningbo AUX Electric and Ningbo Fenghe prepared by an independent valuer.

Upon the completion of the Equity Swap, Ningbo AUX Electric became indirectly wholly owned by China Bloom.

### ***Step 5: Acquisition of 100% equity interest in China Bloom by our Company***

On November 22, 2024, our Company acquired the entire equity interest in China Bloom from AUX Holdings and in consideration, our Company issued and allotted 1,300,921,249 Shares to AUX Holdings. Upon such issuance, AUX Holdings held 1,300,921,250 Shares.

### ***Step 6: Issuance of Shares to Offshore Shareholding Platforms***

On December 20, 2024, 23,910,750 Shares, 11,020,750 Shares, 9,258,250 Shares and 4,889,000 Shares were issued and allotted to HeCe, HeTu, HeChang and HeYao at a consideration of approximately US\$12.1 million, US\$5.5 million, US\$4.6 million and US\$2.5

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million, respectively. The considerations were funded by the Eligible Partners Consideration after deducting relevant tax liabilities and fully settled on December 24, 2024. Upon the completion of the aforementioned Share issuance and allotment, each Eligible Partner’s indirect equity interest in our Company mirrors his/her indirect equity interest in Ningbo AUX Electric immediately prior to the Pre-[REDACTED] Reorganization.

For details of the shareholding structure of our Company upon the completion of the Pre-[REDACTED] Reorganization and up to the Latest Practicable Date, see “— Our Shareholding Structure” and “— Our Shareholding and Corporate Structure — Immediately Prior to the [REDACTED]” below.

Our PRC Legal Advisors confirmed that our Group has obtained all material approvals, filings and permits required under the PRC laws and regulations in respect of the Pre-[REDACTED] Reorganization as described above, and the procedures and steps of the Pre-[REDACTED] Reorganization involved are in compliance with the relevant PRC laws and regulations in all material respects.

### MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals that we consider significant to us.

### PREVIOUS LISTING ON THE NEEQ AND A-SHARE LISTING ATTEMPT

#### Listing of Ningbo AUX Electric on the NEEQ

On December 24, 2015, Ningbo AUX Electric received approval for its shares to be listed on the NEEQ in the PRC (stock code: 835523), and the shares of Ningbo AUX Electric began trading on the NEEQ on January 15, 2016.

#### Delisting of Ningbo AUX Electric from the NEEQ

Having considered our development strategy and our desire to pursue further opportunities for accessing improved trading activity and equity liquidity, the listing of Ningbo AUX Electric’s shares on the NEEQ no longer satisfied the then financing needs of our Group. As such, the then shareholders of Ningbo AUX Electric resolved to voluntarily delist Ningbo AUX Electric’s shares from the NEEQ on December 24, 2016. The delisting was completed on January 26, 2017.

#### Compliance During Listing on the NEEQ

Our Directors confirmed that, to the best of their knowledge and belief:

- (i) during the period that Ningbo AUX Electric was listed on the NEEQ:

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- a. Ningbo AUX Electric had been in compliance in all material respects with all applicable rules and regulations of the NEEQ and the Securities Law of the PRC; and
  - b. Ningbo AUX Electric had not been subject to any administrative penalty by the NEEQ and/or any relevant law enforcement authority or regulator related to securities supervision; and
- (ii) there are no further matters in relation to the prior listing of Ningbo AUX Electric on the NEEQ and the subsequent delisting that needs to be brought to the attention of the Stock Exchange, our Shareholders or the potential [REDACTED].

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’ attention that would reasonably cause it to disagree with the Directors’ views mentioned above.

### A-Share Listing Attempt

In December 2016, Ningbo AUX Electric planned to apply for listing on the Shanghai Stock Exchange (“**Proposed A-Share Listing**”). In preparation for the Proposed A-Share Listing, Orient Securities Investment Banking Co., Ltd. (previously known as Citi Orient Securities Limited (東方花旗證券有限公司)) (the “**Orient Securities**”) was engaged by Ningbo AUX Electric to provide tutoring and preliminary compliance advice with regards to the requirements of the CSRC. In October 2018, reflecting our Group’s prudent and proactive approach to ensuring thorough preparation for the Proposed A-Share Listing, Ningbo AUX Electric voluntarily initiated the pre-listing tutorial (上市輔導) process in advance of the then reporting period for its A-share application. During the pre-listing tutorial, updates were made to the Ningbo Regulatory Bureau of CSRC (中國證券監督管理委員會寧波監管局) from time to time in respect of the progress of the preliminary guidance and tutoring services provided by the Orient Securities in accordance with the relevant CSRC’s guidelines on Ningbo AUX Electric’s major operational and financial condition, corporate governance and internal control measures. The scope of the pre-listing tutorial provided by the Orient Securities involved, among others, the provision of comprehensive training to the directors, supervisors, senior management and shareholders of Ningbo AUX Electric on their obligations and duties, as well as the inspection and supervision of our Company’s compliance with the relevant laws and regulations, corporate governance and internal control measures. In June 2023, the pre-listing tutoring was completed. The pre-listing tutorial did not constitute a listing application with the CSRC or the Shanghai Stock Exchange and there was no proposed timetable for the Proposed A-Share Listing.

However, in consideration of the reasons as set out in “— Reasons for Seeking [REDACTED] on the Stock Exchange” below and the uncertainty of the A-share listing timetable influenced by the evolving regulatory environment, our Group decided to focus our resources on the [REDACTED] on the Stock Exchange and did not proceed with the Proposed A-Share Listing.

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To the best of their knowledge, our Directors confirm that they are not aware of (i) any other matters relating to the Proposed A-Share Listing that may have material adverse implications on our Group’s suitability for [REDACTED] on the Stock Exchange; or (ii) any other matters that need to be brought to the attention of the Stock Exchange, our Shareholders or the potential [REDACTED] in relation to the Proposed A-Share Listing. Our Directors also confirm that (i) no formal [REDACTED] application was filed in relation to the Proposed A-Share Listing as of the Latest Practicable Date, and (ii) during the preparation for the Proposed A-Share Listing, we did not encounter any disagreements with the relevant professional parties nor the CSRC.

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view above.

### Reasons for Seeking [REDACTED] on the Stock Exchange

Our Directors believe that the [REDACTED] will be in the interest of our Group’s business development strategies, and would be beneficial to us and our Shareholders as a whole for, among others, the following reasons:

- (i) the Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, enhance our fundraising capabilities and broaden our fundraising channels and our Shareholders base as well as strengthen our corporate governance;
- (ii) the [REDACTED] would give us a better platform to further develop our business; and
- (iii) the [REDACTED] will further raise our brand awareness, business profile and thus, enhance our corporate image to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group’s business.

Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the Stock Exchange to be a more suitable venue to access international equity markets, and the [REDACTED] will be in the best interests of us and our Shareholders as a whole.

### OUR SHAREHOLDING PLATFORMS

For the purpose of awarding share-based compensation to employees, directors, and other stakeholders of our Group to secure their services and incentivize their maximum effort towards our success, four limited partnerships were set up in the PRC as Pre-reorganization Shareholding Platforms, namely Ningbo Gaohui, Ningbo Gaochuang, Ningbo Zhongrui and Ningbo Zhongmei, and our Group issued share capital to such Pre-reorganization Shareholding Platforms during its course of development. Certain employees of other companies controlled by our Controlling Shareholders were granted awards in the form of partnership interests in the Pre-reorganization Shareholding Platforms, taking into account factors such as the significance of the relationship between the related entity with which they are associated and the Group, as well as their contributions within such related entity. For further details, see “Major Corporate Developments and Pre-[REDACTED] Reorganization of Our Group — Establishment of Pre-reorganization Shareholding Platforms” above.

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The amount of partnership interests in such Pre-reorganization Shareholding Platform subscribed by the Eligible Partners were mainly determined with reference to their performance and contribution to our Group, and the recipients’ perspectives on the future development of our Group.

For the purpose of better administration and to complete the relevant ODI procedure, Ningbo HeCe, Ningbo HeTu, Ningbo HeChang and Ningbo HeYao were established as limited partnerships in the PRC to hold Shares through their respective wholly-owned BVI incorporated investment holding companies. The Eligible Partner’s interests in the Pre-reorganization Shareholding Platforms were reflected in such Offshore Shareholding Platforms. Each of the partners of the Offshore Shareholding Platforms indirectly hold Shares in our Company in accordance with and subject to the respective limited partnership agreement of the Offshore Shareholding Platforms. The general partner of each of Ningbo HeCe, Ningbo HeTu, Ningbo HeChang and Ningbo HeYao is entitled to exercise the voting rights attached to the Shares in our Company through the respective Offshore Shareholding Platform’s wholly-owned investment holding company incorporated in the BVI, namely HeCe, HeTu, HeChang and HeYao.

As of the Latest Practicable Date, the Offshore Shareholding Platforms indirectly held an aggregate of 49,078,750 Shares through their respective wholly-owned BVI investment holding companies, representing approximately 3.64% of the total Shares in issue and [REDACTED]% of our total issued Shares immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

The lock-up period for the partnership interests held by the Eligible Partners in the Offshore Shareholding Platforms commences from the date when he/she becomes a partner the relevant Offshore Shareholding Platform and ends on the [REDACTED].

Details of the Offshore Shareholding Platforms are set out below:

### **Ningbo HeCe**

Ningbo HeCe is a limited partnership established under the laws of the PRC on September 24, 2024. As of the Latest Practicable Date, Ningbo HeCe was held as to 3.85% by its sole general partner, QIAN Jianliang (錢建良) (an employee of our Group), who is entitled to control the exercise of the voting rights attached to the Shares held by HeCe. The remaining 96.15% partnership interests were held by 44 limited partners, including (i) Mr. XIN Ning, our executive Director and president, who held approximately 23.71% partnership interests; (ii) Mr. ZHUO Senqing, our general manager of R&D, who held approximately 9.76% partnership interests; and (iii) 42 other employees of our Group and other companies controlled by our Controlling Shareholders, who held in aggregate approximately 62.68% partnership interests, with only YE Shengfeng (葉盛峰), a management team member of our Group at the subsidiary level, holding more than 10% partnership interests.

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### Ningbo HeTu

Ningbo HeTu is a limited partnership established under the laws of the PRC on September 24, 2024. As of the Latest Practicable Date, Ningbo HeTu was held as to 40.55% by its sole general partner, GAN Xiaolu (干曉露) (an employee of our Group), who is entitled to control the exercise of the voting rights attached to the Shares held by HeTu. The remaining 59.45% partnership interests were held by 28 limited partners, including (i) Ms. LI Jian, our non-executive Director, who held approximately 22.46% partnership interests; and (ii) 27 other employees of our Group and other companies controlled by our Controlling Shareholders, who held in aggregate approximately 36.99% partnership interests.

### Ningbo HeChang

Ningbo HeChang is a limited partnership established under the laws of the PRC on September 24, 2024. As of the Latest Practicable Date, Ningbo HeChang was held as to 15.89% by its sole general partner, BAI Wei (白韋) (an employee of our Group), who is entitled to control the exercise of the voting rights attached to the Shares held by HeChang. The remaining 84.11% partnership interests were held by 37 limited partners, including (i) Mr. ZHANG Bo, our finance director and Board secretary, who held approximately 7.26% partnership interests; (ii) ZHONG Weicheng (鍾偉成) and ZHENG Junda (鄭君達), each a connected person of our Group at the subsidiary level, each of whom held 4.93% and 3.65% partnership interests, respectively; and (iii) 34 other employees of our Group and other companies controlled by our Controlling Shareholders, who held approximately 68.27% partnership interests in aggregate.

### Ningbo HeYao

Ningbo HeYao is a limited partnership established under the laws of the PRC on September 24, 2024. As of the Latest Practicable Date, Ningbo HeYao was held as to 9.61% by its sole general partner, CHEN Xianghui (陳祥輝) (an employee of our Group), who is entitled to control the exercise of the voting rights attached to the Shares held by HeYao. The remaining 90.39% partnership interests were held by 33 limited partners, including (i) YANG Xia (楊俠), a connected person of our Company at the subsidiary level, who held 5.80% partnership interests; and (ii) 32 other employees of our Group or other companies controlled by our Controlling Shareholders, who held in aggregate approximately 84.59% partnership interests, with only LI Junfeng (李軍鋒), a management team member of our Group at the subsidiary level, holding more than 10% partnership interests.

Save as disclosed in this section, none of the limited partners of the Offshore Shareholding Platforms held more than 10% of the partnership interests in any Offshore Shareholding Platform or was a connected person of our Company as of the Latest Practicable Date.



## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### PUBLIC FLOAT

The Shares held by AUX Holdings will not be considered as part of the public float for the purpose of Rule 8.08 of the Listing Rules as AUX Holdings will be a Controlling Shareholder of our Company and thus a core connected person of our Company.

Save as disclosed above, upon the completion of the [REDACTED], assuming the [REDACTED] is not exercised, [REDACTED] Shares held by all other Shareholders will be counted towards the public float, representing approximately [REDACTED]% of the issued share capital of our Company.

We have applied to the Stock Exchange and the Stock Exchange [has granted] our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which the public float of our Company may fall below 25% of the total issued share capital of our Company. For details, see “Waivers from Strict Compliance with the Listing Rules — Public Float Requirement” in this document.

### OUR SHAREHOLDING STRUCTURE

The shareholding structure of our Company is set forth below:

Name of Shareholders	As of the Latest Practicable Date		Immediately upon the completion of the [REDACTED] assuming the [REDACTED] is not exercised	
	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
AUX Holdings. . . . .	1,300,921,250	96.36%	1,300,921,250	[REDACTED]%
HeCe . . . . .	23,910,750	1.77%	23,910,750	[REDACTED]%
HeTu . . . . .	11,020,750	0.82%	11,020,750	[REDACTED]%
HeChang . . . . .	9,258,250	0.69%	9,258,250	[REDACTED]%
HeYao . . . . .	4,889,000	0.36%	4,889,000	[REDACTED]%
Other Public Shareholders . . . . .	—	—	[REDACTED]	[REDACTED]%
<b>Total . . . . .</b>	<b>1,350,000,000</b>	<b>100.00%</b>	<b>[REDACTED]</b>	<b>100.00%</b>

### PRC LEGAL COMPLIANCE

Our PRC Legal Advisors have confirmed that each of the incorporation and the transfer of equity interest of our PRC subsidiaries as described above in this section have been legally completed and the requisite government approvals or filings in all material respects, as applicable, have been obtained in accordance with PRC laws and regulations.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### SAFE REGISTRATION

Pursuant to the SAFE Circular 75 (which was later replaced by SAFE Circular 37) which became effective as of November 1, 2005, domestic residents must register with the relevant local counterparts of the SAFE prior to their establishment or control of an offshore entity established for the purpose of overseas equity financing involving onshore assets or equity interests held by them and must also make filings with SAFE thereafter upon the occurrence of certain material capital changes.

Pursuant to SAFE Circular 37, promulgated by SAFE and effective on July 4, 2014, replacing SAFE Circular 75, (i) a domestic resident must register with the local SAFE branch in connection with his contribution of offshore or domestic assets or equity interests he legally holds in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the domestic resident for the purpose of conducting overseas investment or financing, and (ii) following the initial registration, the domestic resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV’s domestic resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division.

Pursuant to SAFE Circular 75 and SAFE Circular 37, failure to comply with these registration procedures may result in penalties. In addition, due to such failure to comply with the registration procedures, the PRC subsidiaries of that Overseas SPV may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the Overseas SPV and its offshore subsidiary may be restricted in their ability to contribute additional capital to their PRC subsidiaries.

As advised by our PRC Legal Advisors, Mr. ZHENG Jianjiang, Mr. ZHENG Jiang and Mr. HE Xiwan have completed the required initial registration under the then effective rules on foreign exchange administration.

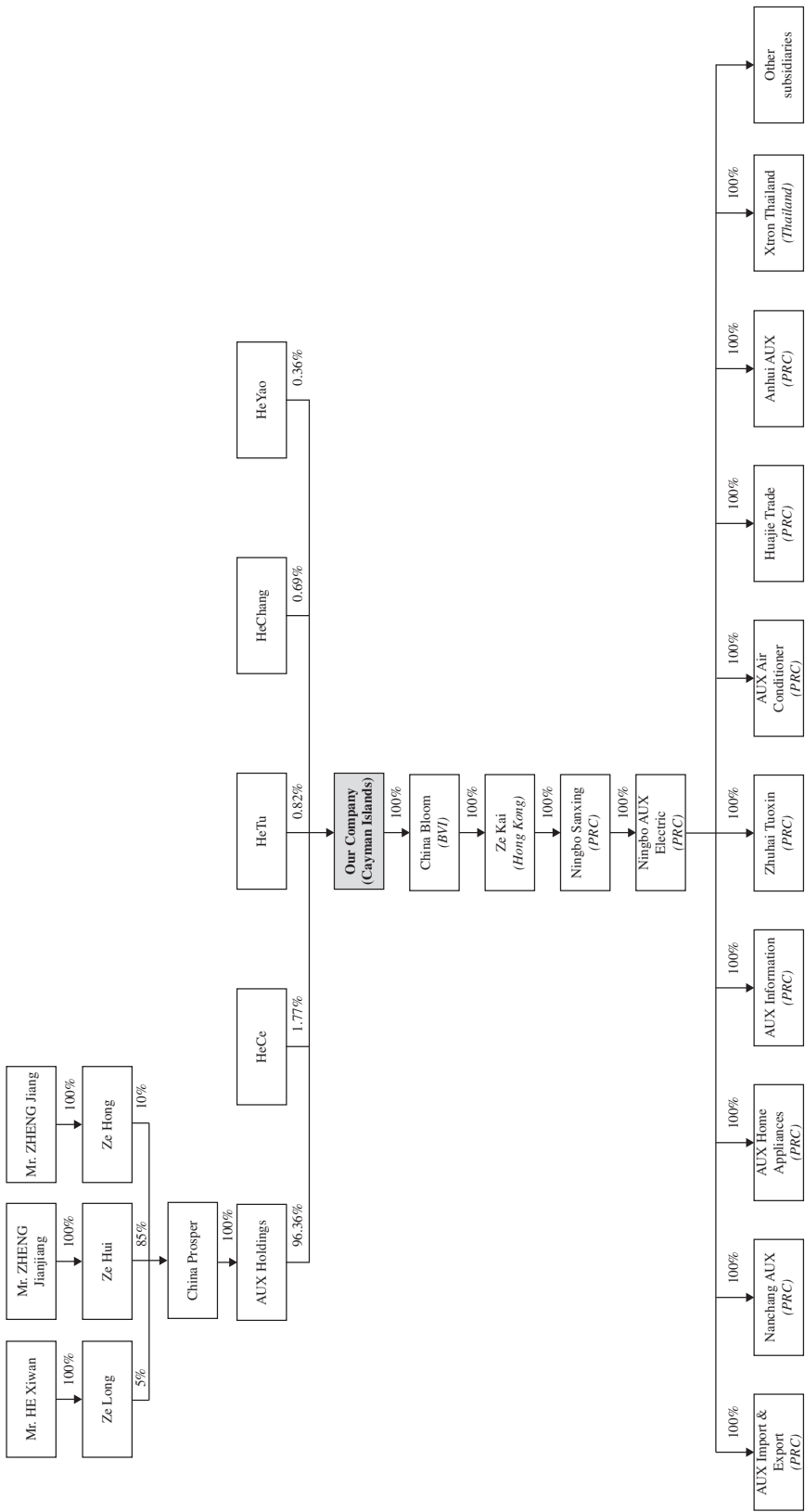


## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED]

The following chart illustrates our simplified shareholding structure immediately prior to the [REDACTED]:



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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*Note:*

- (1) As of the Latest Practicable Date, Mr. ZHENG Jianjiang, through Ze Hui, China Prosper and AUX Holdings, controlled approximately 96.36% of voting rights in our Company. Therefore, Mr. ZHENG Jianjiang, Ze Hui, China Prosper and AUX Holdings are a group of Controlling Shareholders of our Company. Mr. ZHENG Jiang and Mr. HE Xiwan, who hold 10% and 5% of the issued share capital of China Prosper through Ze Hong and Ze Long, respectively, should not be treated as part of the group of Controlling Shareholders, for the following reasons: (a) each of Mr. ZHENG Jiang (through Ze Hong) and Mr. HE Xiwan (through Ze Long), does not individually or collectively control 30% or more of China Prosper's voting rights; (b) aside from their interest in China Prosper, neither Mr. ZHENG Jiang nor Mr. HE Xiwan holds any other equity interest in the Company; (c) To the best knowledge of the Directors, there are no agreements or arrangements (including, but not limited to, acting-in-concert agreements or other voting arrangements) among Mr. ZHENG Jianjiang, Mr. HE Xiwan and Mr. ZHENG Jiang with respect of their equity interest in China Prosper, AUX Holdings or our Company. Each of them has acted independently in all material respects concerning corporate matters, including strategic decisions and financial matters, at the levels of China Prosper, AUX Holdings, and our Company; (d) the capital contributions of Mr. ZHENG Jianjiang, Mr. ZHENG Jiang, and Mr. HE Xiwan to China Prosper were self-funded, with no shared economic interests or special arrangements among them; (e) none of Mr. ZHENG Jiang, Ze Hong, Mr. HE Xiwan or Ze Long is accustomed to take instructions from Mr. ZHENG Jianjiang or Ze Hui in relation to the acquisition, disposal, voting or other disposition of shares in China Prosper, AUX Holdings and our Company; and (f) none of Mr. ZHENG Jiang, Ze Hong, Mr. HE Xiwan or Ze Long is a close associate of Mr. ZHENG Jianjiang and Ze Hui under the Listing Rules.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### Immediately Following the [REDACTED]

The following chart illustrates our simplified shareholding structure immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

