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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### HISTORY AND DEVELOPMENT

#### Overview

Our Group's history can be traced back to June 2005 when Mr. Zhu, together with Mr. Fang, Mr. Mao and Mr. Zhang, founded BHP Linhai for manufacturing and selling laundry products, household cleaning tools and kitchen gadgets in Linhai County, Zhejiang Province, the PRC. Throughout its business operation, BHP Linhai had been manufacturing laundry products, household cleaning tools and kitchen gadgets in a leased production plant in Linhai County.

Believing the household necessity product industry had promising prospects, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang decided to expand our manufacturing business. In September 2007, as part of our expansion plan and to diversify our sales channels, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang established BHP Housewares in Hong Kong to engage in the sale of our products.

Having considered that the production capacity and efficiency of the leased production plant was no longer sufficient to cope with the increasing scale of our business operation, in 2008, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang established BHP Zhejiang and acquired a parcel of land and began to set up the Huzhou Production Plant in Deqing County, Zhejiang Province, the PRC. In the same year, they commenced to transfer our entire business from Linhai County to Deqing County by establishing BHP Zhejiang.

In March 2009, with the goal to expand our Group's business to the United Kingdom and to gauge consumer demand for our products in the United Kingdom, our Group entered into a joint venture agreement with Mr. Nicholson, who is a UK citizen, and an Independent Third Party (the "**Home Laundry JV Agreement**"). Pursuant to the Home Laundry JV Agreement, among others, (i) our Group acquired 33% of the issued shares in Home Laundry from Mr. Nicholson; and (ii) Home Laundry shall engage in reselling of household necessity products purchased from our Group to its customers through e-shop platform. For the key terms and other details of the Home Laundry JV Agreement, please refer to the paragraph headed "Divestment of interests in a jointly-controlled entity" in this section.

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In September 2009, having tested the market acceptance of our products in the United Kingdom through e-shop platform, our Group considered that the market response was positive and decided to further establish our presence in the United Kingdom by establishing BHP UK to better reach out to potential customers and to better serve our customers in the United Kingdom. Having considered (i) Mr. Nicholson's market knowledge and network in the United Kingdom had helped Home Laundry in developing its business; (ii) it was beneficial for our Group to further leverage on Mr. Nicholson's market knowledge and network in the United Kingdom for the development of BHP UK's business; and (iii) the geographical and communicational convenience to Mr. Nicholson in attending to various matters in connection with the operation of BHP UK, our Group appointed Mr. Nicholson as the director of BHP UK. In order to reach out to potential customers located in the United Kingdom, we engaged NSM, which is wholly owned by Mr. Nicholson and his associates, as our trade agency. The service offered by NSM is complementary to the operations carried out by BHP UK. At the time when BHP UK was incorporated, NSM had been providing sales and marketing services to its clients, including but not limited to (i) assisting them to identify and liaise with potential sales channels and/or customers, (ii) conducting marketing and promotional activities; and (iii) providing after-sales services. Taking into consideration (i) BHP UK was newly incorporated and had just commenced its operation in the United Kingdom at the relevant times; (ii) the local experience and knowledge possessed by NSM and its employees; and (iii) BHP UK could leverage NSM's existing connections in the United Kingdom, our Directors believed that it would be beneficial for our Group to engage NSM separately for sales and marketing services in order to facilitate its expansion in the United Kingdom.

In 2010, the Huzhou Production Plant commenced production and we ceased our production operations in Linhai County in May 2011.

In March 2014, BHP Linhai was voluntarily deregistered as it had been dormant since May 2011 following the cease of our production operations in Linhai County.

During our business history, interests in our Group had been held through various trust arrangements. For details, please refer to the paragraphs headed "Trust arrangements in relation to interests in our Group" in this section.

For details of the background of Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, please refer to the section headed "Directors and senior management" in this prospectus.

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### Milestones

The following table sets out our business development milestones:

<u>Year</u>	<u>Milestone Event</u>
2005	Our Group commenced our business of manufacturing and selling laundry products, household cleaning tools and kitchen gadgets in Linhai County, Zhejiang Province, the PRC
2008	We established BHP Zhejiang and began the construction of phase one of our Huzhou Production Plant
2010	Phase one of our Huzhou Production Plant began production  We commenced business with Bradshaw Group and Leifheit Group, two of our major customers headquartered in the United States and Germany, respectively
2011	We commenced business with Customer B, one of our major customers located in Australia  We were recognised as an Advance Enterprise in Foreign Economic and Technological Cooperation* (對外經濟技術合作先進企業) for the year 2011 by the Deqing County People's Government* (德清縣人民政府)
2012	The construction of phase two of our Huzhou Production Plant was completed and the painting production workshop and processing production workshop began operation  We were recognised as an Advanced Import and Export Enterprise of Autonomous Operation* (自營進出口先進企業) by the Deqing County People's Government* (德清縣人民政府)
2013	We were recognised as a Key Enterprise in Huzhou* (湖州市重點骨幹企業) by the Huzhou Municipal People's Government* (湖州市人民政府)
2017	We began selling our own "Jia Ji Bao" (家吉寶) branded products to local customers in the PRC  We were recognised as a Representative Enterprise in Deqing County* (德清縣示範企業工會) by Deqing County Federation of Trade Union* (德清縣總工會)
2019	Additional warehouse of our Huzhou Production Plant was put into use

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### OUR GROUP STRUCTURE AND CORPORATE HISTORY

Our Company was incorporated in the Cayman Islands on 21 May 2019 as an exempted company with limited liability under the Cayman Companies Act in anticipation of the Listing. Prior to Reorganisation, our Group comprised three major operating subsidiaries, being BHP Zhejiang, BHP Housewares and BHP UK. The following table sets forth certain details of these operating subsidiaries:

Name	Place and date of incorporation	Equity ownership as at 1 January 2018 (i.e. the beginning of the Track Record Period)	Equity ownership after completion of the Reorganisation	Principal business activities
BHP Zhejiang	The PRC/ 18 September 2008	100% held by Grand Resources <sup>1</sup>	100% held by Grand Resources	Manufacturing and selling our products
BHP Housewares	Hong Kong/ 7 September 2007	70% held by Mr. Zhu <sup>2</sup> 10% held by Mr. Fang <sup>2</sup> 10% held by Mr. Mao <sup>2</sup> 10% held by Mr. Zhang <sup>2</sup>	100% held by Roses All The Way	Selling our products
BHP UK	The United Kingdom/ 18 September 2009	100% held by BHP Zhejiang <sup>3</sup>	100% held by BHP Zhejiang	Selling our products

*Notes:*

- Grand Resources is owned as to 70%, 10%, 10% and 10% by Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively.
- During the period from the incorporation of BHP Housewares to 22 July 2019, Ms. Lou, the spouse of Mr. Zhu and a director of BHP Housewares, had been holding 70%, 10%, 10% and 10% of the issued shares in BHP Housewares on trust for Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively. For details, please refer to the paragraphs headed “Trust arrangements in relation to interests in our Group” in this section.
- During the period from 1 October 2016 to 6 July 2018, Mr. Nicholson had been holding 50% of the issued shares in BHP UK on trust for BHP Zhejiang. For details, please refer to the paragraphs headed “Trust arrangements in relation to interests in our Group” in this section.

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### Shareholding changes during the Track Record Period prior to the Reorganisation

#### *BHP UK*

On 6 July 2018, Mr. Nicholson transferred 50 shares in BHP UK held on trust for BHP Zhejiang, representing 50% of the issued shares of BHP UK, to BHP Zhejiang at nil consideration, as such transfer was for the purpose of terminating the trust arrangement between Mr. Nicholson and BHP Zhejiang. For details of the trust arrangement, please refer to the paragraphs headed “Trust arrangements in relation to interests in our Group” in this section.

#### **Divestment of interests in a jointly-controlled entity**

Home Laundry was incorporated in the United Kingdom with limited liability on 2 February 2009. As at the date of its incorporation, Home Laundry was wholly owned by Mr. Nicholson, who contributed GBP100 to Home Laundry.

Mr. Zhu acquainted with Mr. Nicholson in the early 2000s in business occasion, and understood that Mr. Nicholson had extensive experience in sales of household necessity products in the United Kingdom.

In early 2009, with the goal to expand our Group’s business to the United Kingdom and to gauge consumer demand for our products in the United Kingdom, our Group decided to set up a joint venture with Mr. Nicholson in order to leverage Mr. Nicholson’s market knowledge and network in the United Kingdom household necessity product market. Consequently, on 9 March 2009, our Group entered into the Home Laundry JV Agreement with Mr. Nicholson and an Independent Third Party introduced by Mr. Nicholson who specialised in computer hardware, software and network peripherals.

The key terms of the Home Laundry JV Agreement are as follows:

- |                          |   |   |
|--------------------------|---|---|
| Business of Home Laundry | : | Home Laundry shall engage in reselling of household necessity products purchased from our Group to its customers through e-shop platforms       |
| Distribution of profits  | : | All net income accruing to Home Laundry shall be distributed in proportion to the shareholdings of the parties to the Home Laundry JV Agreement |
| Board of directors       | : | Each party to the Home Laundry JV Agreement shall be appointed as a director of Home Laundry  |

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Management : Decisions in relation to the operations of Home Laundry shall require unanimous consent of the parties to the Home Laundry JV Agreement

Pursuant to the Home Laundry JV Agreement, on 9 March 2009, Mr. Nicholson transferred 33 shares and 33 shares in Home Laundry, representing 33% and 33% of the issued shares in Home Laundry, to Mr. Zhu (as trustee of Grand Resources) and the Independent Third Party, respectively, at a consideration of GBP33 and GBP33. Such consideration was determined based on the initial contribution made by Mr. Nicholson to Home Laundry. As a result, Home Laundry was held as to 34%, 33% and 33% by Mr. Nicholson, Mr. Zhu (as trustee of Grand Resources) and the Independent Third Party, respectively.

On 3 July 2018, Mr. Nicholson and Mr. Zhu (as trustee of Grand Resources) acquired 16 shares and 17 shares in Home Laundry, representing 16% and 17% of the issued shares in Home Laundry, from the Independent Third Party, respectively, at a consideration of GBP10,857.76 and GBP11,536.36, respectively. Such consideration was determined based on arm's length negotiations taking into account, among others, the then cash balance and trade receivables of Home Laundry and the contribution made by the Independent Third Party to Home Laundry. As a result of the transfer, each of Mr. Nicholson and Mr. Zhu (as trustee of Grand Resources) held 50 shares in Home Laundry and Home Laundry was owned as to 50% by Mr. Nicholson and 50% by Mr. Zhu (as trustee of Grand Resources), respectively.

For details of the trust arrangement between Mr. Zhu and Grand Resources, please refer to the paragraphs headed "Trust arrangements in relation to interests in our Group" in this section.

For the years ended 31 December 2018 and 2019, our Group's share of results of Home Laundry amounted to approximately RMB62,000 and RMB22,000, respectively. In early 2019, having considered that (i) Home Laundry only generated minimal income for our Group; (ii) our Group has established BHP UK to manage our sales activities in the United Kingdom; and (iii) the sale of our products through online shop in the United Kingdom is no longer in line with our then business strategies, the Directors decided to divest from Home Laundry for effective allocation of internal resources. As such, on 3 June 2019, Mr. Zhu (as trustee of Grand Resources) transferred all of its 50 shares in Home Laundry, representing 50% of the issued shares in Home Laundry, to Mr. Nicholson at nil consideration, which was determined after arm's length negotiation between the parties with due regard to (i) Home Laundry only generated minimal income for our Group; (ii) our Group would cease all dealings with Home Laundry after such transfer; (iii) even if the consideration was to be determined based on the estimated income generated by Home Laundry or its net asset value at the material time, the consideration amount would still be immaterial; and (iv) our Group would conduct its business in the UK through BHP UK going forward and Home Laundry would no longer be meaningful to our Group. Upon completion of the divestment, Home Laundry was wholly owned by Mr. Nicholson and ceased to be a jointly-controlled entity of our

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Group. As confirmed by the Directors, Home Laundry was solvent and had not been subject to any material non-compliance incidents, claims, litigations or legal proceedings during the Track Record Period before such divestment.

As at the Latest Practicable Date, our Group had ceased all dealings with Home Laundry. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, Home Laundry will cease its business operations after finish selling its remaining stock of products.

### TRUST ARRANGEMENTS IN RELATION TO INTERESTS IN OUR GROUP

Throughout our business history, interests in our Group had been held through the following trust arrangements:

Name of company	Particulars of trust arrangement	Relationship of trustee with our Group and/or the Controlling Shareholders	Reason for trust arrangement
BHP Housewares	<p>Since the incorporation of BHP Housewares, Ms. Lou had been holding 70%, 10%, 10% and 10% of the issued shares in BHP Housewares on trust for Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively.</p> <p>Such trust arrangement was terminated when Ms. Lou transferred all issued shares in BHP Houseware to Roses All The Way on 22 July 2019.</p>	Ms. Lou is the spouse of Mr. Zhu and a director of BHP Housewares.	As Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang were pre-occupied with managing the operations of BHP Linhai, they established such trust arrangement to enable Ms. Lou to assist in completing the relevant incorporation documents and handling the relevant administrative matters.
Grand Resources	<p>Since 17 October 2008, Ms. Zhang Cong, an Australian citizen, had been holding 70%, 10%, 10% and 10% of the issued shares in Grand Resources for Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively.</p> <p>Such trust arrangement was terminated when Ms. Zhang Cong transferred 70%, 10%, 10% and 10% of the issued shares in Grand Resources to Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively, on 21 March 2012.</p>	Ms. Zhang Cong was a friend of Mr. Zhu.	Having considered that the production capacity and efficiency of the production plant of BHP Linhai was no longer sufficient to cope with the increasing scale of our business operation, in 2008, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang decided to set up the Huzhou Production Plant in Deqing County, and upon its completion, our entire business would be transferred to Huzhou Production Plant from Linhai County to Deqing County.

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Name of company	Particulars of trust arrangement	Relationship of trustee with our Group and/or the Controlling Shareholders	Reason for trust arrangement
			<p>Believing that a wholly foreign-owned enterprise with a foreigner as the shareholder of its offshore holding company would have a perceived advantage in acquiring the land for the construction of the Huzhou Production Plant given that the Deqing County local government announced certain policies and opinion in relation to the open economy development of Deqing County* (德清縣人民政府關於加快我縣開放型經濟發展的若干意見) in April 2008 providing various incentives such as tax subsidy and subsidy for establishing brands and/or registering trademarks for wholly foreign-owned enterprises to conduct business in Deqing County, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang (i) established BHP Zhejiang as a wholly foreign-owned enterprise with Grand Resources as its holding company; and (ii) entrusted Ms. Zhang Cong to hold the shareholding interest in Grand Resources on their behalf after the establishment of BHP Zhejiang.</p> <p>As Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang focused on the operations of BHP Linhai and the transfer of business, the trust arrangement was maintained until the completion of the transfer of business.</p> <p>Following the completion of the transfer of business in early 2012, Ms. Zhang Cong transferred the shares in Grand Resources back to Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang according to their respective beneficial interest in Grand Resources whereby the trust arrangement was terminated.</p>



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Name of company	Particulars of trust arrangement	Relationship of trustee with our Group and/or the Controlling Shareholders	Reason for trust arrangement
BHP UK	<p>Since 1 October 2016, Mr. Nicholson had been holding 50% of the issued shares in BHP UK on trust for BHP Zhejiang.</p> <p>Such trust arrangement was terminated when Mr. Nicholson transferred 50% of the issued shares in BHP UK to BHP Zhejiang on 6 July 2018.</p>	<p>Mr. Nicholson was a director of BHP UK since its establishment until 1 September 2019.</p>	<p>As Mr. Nicholson, who is a United Kingdom citizen, is stationed in the United Kingdom, having considered (i) the geographical and communicational convenience to Mr. Nicholson in attending to various matters in connection with the operation of BHP UK; and (ii) the perceived authority of a shareholder capacity, together with his directorship, would facilitate Mr. Nicholson in handling day-to-day operations of BHP UK, our Group established such trust arrangement.</p>
Home Laundry	<p>During the period from 9 March 2009 to 3 July 2018, Mr. Zhu had been holding 33% of the issued shares in Home Laundry on trust for Grand Resources.</p> <p>Since 3 July 2018, Mr. Zhu had been holding 50% of the issued shares in Home Laundry on trust for Grand Resources.</p> <p>Such trust arrangement was terminated when our Group divested our interests in Home Laundry by directing Mr. Zhu to transfer 50% of the issued shares in Home Laundry held on trust for Grand Resources to Mr. Nicholson on 3 June 2019.</p>	<p>Mr. Zhu is one of our founders, an executive Director and Chairman of our Group and one of our Controlling Shareholders.</p>	<p>In early 2009, our Group decided to set up a joint venture with Mr. Nicholson by acquiring 33% of the issued shares in Home Laundry from Mr. Nicholson. Taking into account (i) the company kit, chop and seal of Grand Resources were located in Hong Kong; and (ii) there might be further administrative procedures to be complied with in relation to the acquisition of 33% of the issued shares in Home Laundry from Mr. Nicholson, our Group established such trust arrangement to enable Mr. Zhu, who travelled frequently to Hong Kong and overseas countries, to execute the relevant share transfer documents and handle other relevant administrative matters.</p>

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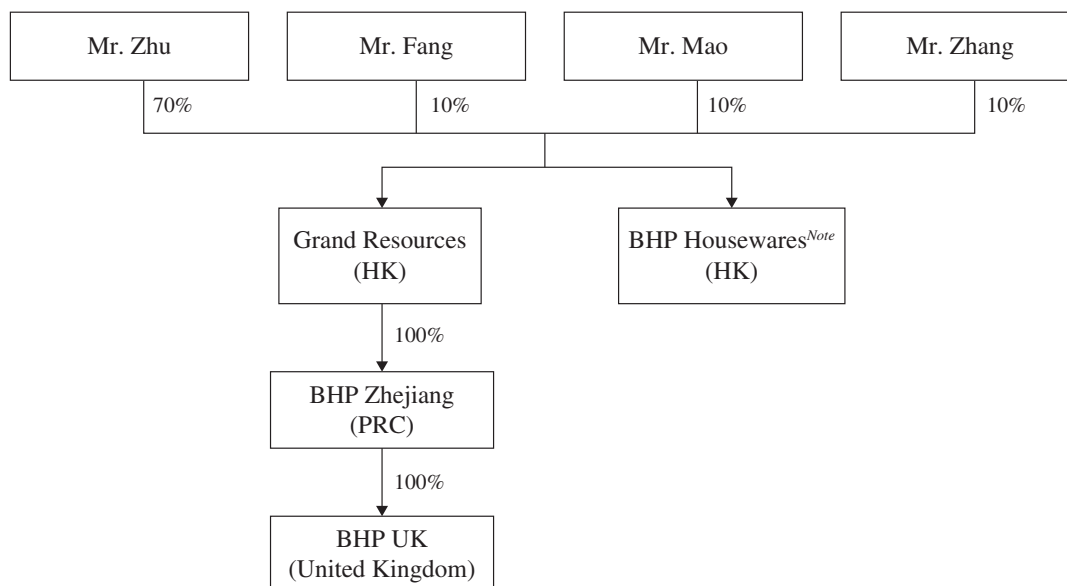
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### REORGANISATION

#### Group Structure immediately prior to the Reorganisation

The following chart sets forth the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



*Note:* Prior to the Reorganisation, Ms. Lou had been holding 70%, 10%, 10% and 10% of the issued shares in BHP Housewares on trust for Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively. For details, please refer to the paragraphs headed “Trust arrangements in relation to interests in our Group” in this section.

#### Major Reorganisation Steps

In preparation for the Listing, we have carried out the Reorganisation which involved the following steps:

##### *Step 1: Incorporation of Beautiful Homeland*

On 9 April 2019, Beautiful Homeland was incorporated under the laws of the BVI as a limited liability company. On 15 April 2019, Beautiful Homeland allotted and issued 70, 10, 10 and 10 shares to Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively. As a result, Beautiful Homeland was owned as to 70%, 10%, 10% and 10% by Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, respectively.

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### *Step 2: Incorporation of our Company*

On 21 May 2019, our Company was incorporated under the laws of the Cayman Islands as an exempted company with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each. Upon incorporation, one Share was allotted and issued at par and credited as fully paid to the initial subscriber, which was in turn transferred to Beautiful Homeland on the same date. On 11 June 2019, 99 Shares were allotted and issued to Beautiful Homeland at par and credited as fully paid. On 30 July 2019, 200 Shares were allotted and issued to Beautiful Homeland at par and credited as fully paid. As a result, our Company was directly wholly owned by Beautiful Homeland.

### *Step 3: Incorporation of Happy Hours and Roses All The Way*

On 30 May 2019, Happy Hours was incorporated under the laws of the BVI as a limited liability company. On 18 June 2019, Happy Hours allotted and issued 100 shares to our Company. As a result, Happy Hours was directly wholly owned by our Company.

On 30 May 2019, Roses All The Way was incorporated under the laws of the BVI as a limited liability company. On 18 June 2019, Roses All The Way allotted and issued 100 shares to our Company. As a result, Roses All The Way was directly wholly owned by our Company.

### *Step 4: Acquisition of (i) Grand Resources by our Company through Happy Hours and (ii) BHP Housewares by our Company through Roses All The Way*

On 22 July 2019, through a share swap agreement, our Company acquired, through Happy Hours, 350,000 shares, 50,000 shares, 50,000 shares and 50,000 shares in Grand Resources, representing 70%, 10%, 10% and 10% of all of the issued shares in Grand Resources, from Mr. Zhu, Mr. Fang, Mr. Zhang and Mr. Mao, respectively, in consideration of and in exchange for the allotment and issue of 100 Shares to Beautiful Homeland credited as fully paid.

On 22 July 2019, through a share swap agreement, our Company acquired, through Roses All the Way, 10,000 shares in BHP Housewares, representing all of the issued shares in BHP Housewares, from Ms. Lou (as trustee of Mr. Zhu, Mr. Fang, Mr. Zhang and Mr. Mao), in consideration of and in exchange for the allotment and issue of 100 Shares to Beautiful Homeland credited as fully paid.

As a result, each of Grand Resources and BHP Housewares became an indirect wholly-owned subsidiary of our Company.

All of the abovementioned transfer under the Reorganisation have been properly, legally, irrevocably settled and completed.

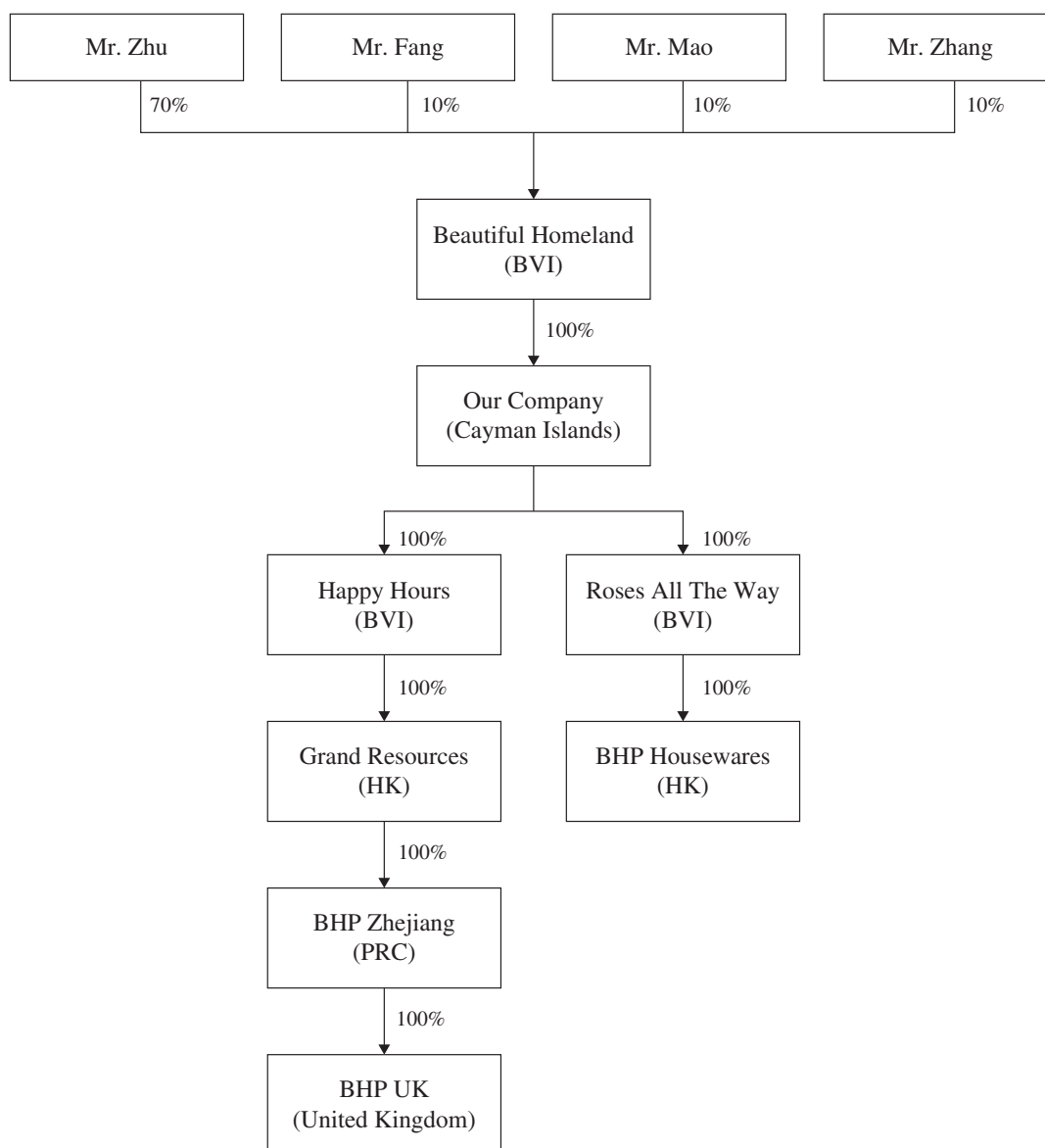
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### Group Structure immediately upon completion of the Reorganisation

The following chart sets forth the shareholding and corporate structure of our Group immediately after the completion of the Reorganisation but before the Capitalisation Issue and the Global Offering:



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### CAPITALISATION ISSUE AND GLOBAL OFFERING

#### Capitalisation Issue

Pursuant to the written resolutions of our sole Shareholder passed on 12 October 2021, conditional upon the fulfilment or waiver of the conditions set out in “Structure and conditions of the Global Offering” in this prospectus and subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors are authorised to allot and issue a total of 374,999,700 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company at the close of business on 11 November 2021 in proportion to their shareholdings by way of capitalisation of an amount of HK\$3,749,997 standing to the credit of the share premium account of our Company.

#### Global Offering

For details, please refer to the section headed “Structure and conditions of the Global Offering” in this prospectus.

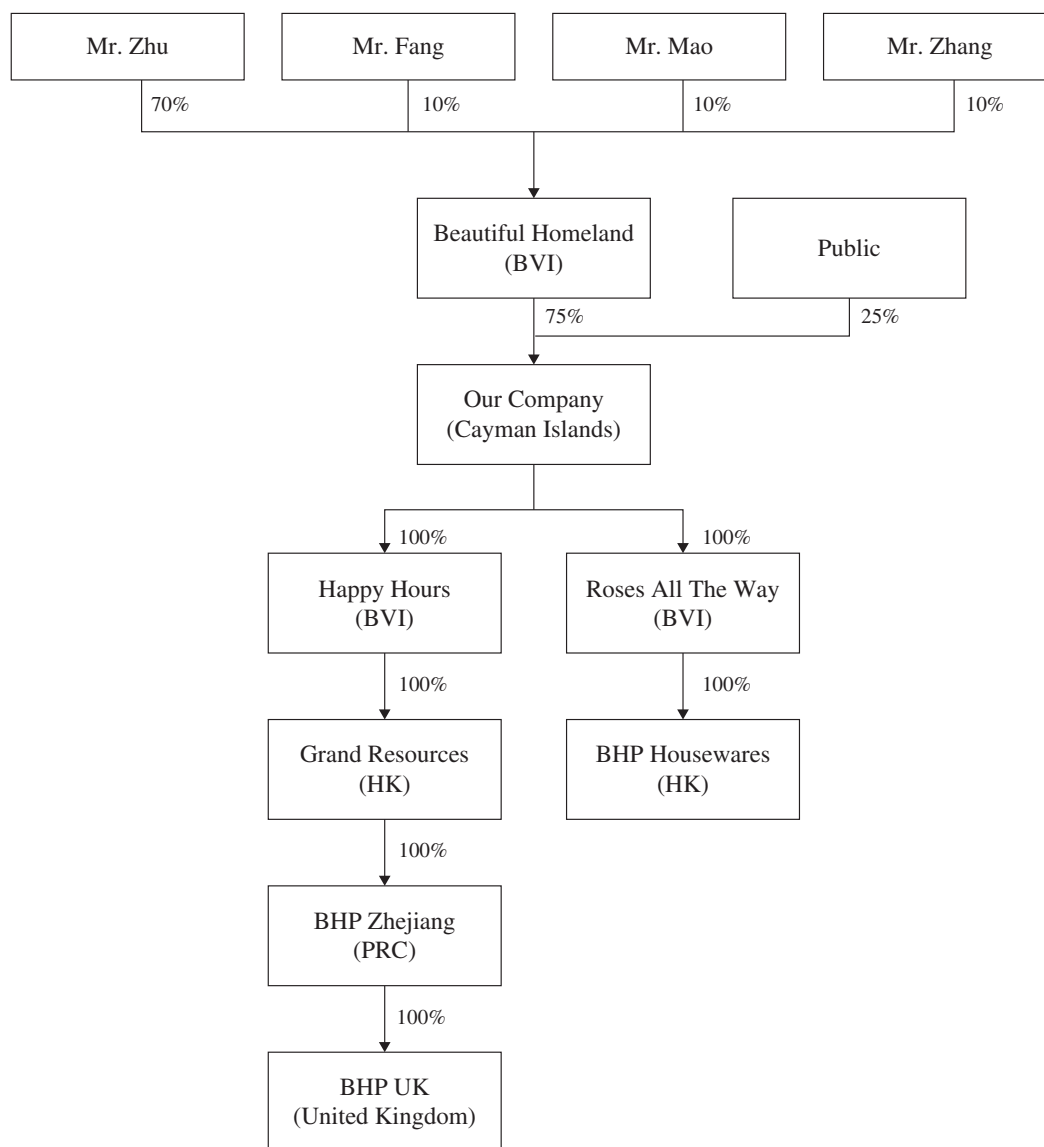
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### Group Structure immediately after completion of the Capitalisation Issue and the Global Offering

The following chart sets forth the shareholding and corporate structure of our Group immediately after the Reorganisation and completion of the Capitalisation Issue and the Global Offering, but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option:



### PRC LEGAL COMPLIANCE

#### M&A Rules

Pursuant to Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors\* 《關於外國投資者並購境內企業的規定》 (MOFCOM Order No. [2009] 6) (the “**M&A Rules**”), “merger and acquisition of domestic enterprises by foreign investors” refers to (i) the purchase of the equity interests of non-foreign invested enterprises established within the territory of the PRC (“**Domestic Companies**”) by foreign investors; (ii) the subscription for the increased capital of the Domestic Companies by foreign investors, thus converting the Domestic Companies into foreign-invested enterprises; (iii) the purchase of the assets of the Domestic Companies and operation of such assets through the foreign-invested enterprises established by foreign investors for the purpose of merging and acquiring the Domestic Companies; or (iv) the purchase of the assets of the Domestic Companies by foreign investors who then invest such assets to establish foreign-invested enterprises (the “**Regulated Activities**”). In the event that any Domestic Company, enterprise or natural person merges or acquires an affiliated Domestic Company through an overseas company duly established or controlled by it, such merger and acquisition shall be submitted to the MOFCOM for examination and approval.

As advised by our PRC Legal Advisers, the M&A Rules are not applicable to our Group as (i) BHP Zhejiang was established as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition by our Company; (ii) BHP Zhejiang has obtained all necessary licences and approvals for its establishment; and (iii) no Regulated Activities were involved in the Reorganisation.

#### SAFE Regulations

According to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles\* 《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》 (the “**Circular No. 37**”), (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branches for any major change, in respect of the Overseas SPV, including a change of Overseas SPV’s 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 the Circular No. 37, failure to comply with these registration procedures may result in penalties.

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Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment related Foreign Exchange Administration Policies\* 《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (匯發[2015]13號), with effect from 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisers, our individual Shareholders who are PRC residents, namely Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang have all completed the foreign exchange registration of domestic residents for their individual offshore investment in June 2019.