

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 1992 when the first “Blue Moon (藍月亮)” brand product was launched. We have developed into a leading consumer household care company in China. As at the Latest Practicable Date, we had four production bases located in Guangzhou, Tianjin, Kunshan and Chongqing, and our products were sold in all provinces in China during the Track Record Period.

HISTORY AND BUSINESS MILESTONES

Key Business Milestones

The following table illustrates the key milestones of our business:

Year	Event
1992	The first “Blue Moon (藍月亮)” brand product – Blue Moon Enhanced Kitchen Cleaner was launched.
2000	The Blue Moon Liquid Soap in transparent packaging was launched as the first “Blue Moon (藍月亮)” brand personal hygiene product introduced in China.
2002	Our production base in Guangzhou on our owned property was established and commenced operation.
2005	The Blue Moon Liquid Soap and the Blue Moon Toilet Cleaner were accredited as Guangdong Provincial Famous Trademarks (廣東省著名商標) by the Famous Trademark Evaluation Committee of Guangdong Province.
2008	The Blue Moon Deep Clean Care Liquid Laundry Detergent was launched in China.
2011	The Blue Moon Hand-wash Laundry Detergent was launched, thereby introducing specialised laundry detergent products to accommodate different consumer needs. We also started to expand our production to different parts of China and established and commenced operation at our production base on our owned property in Tianjin.
2012	We began utilising online sales channels to market and distribute our products.
2015	The Blue Moon Machine Wash Supreme Concentrated Plus Laundry Detergent, a concentrated liquid laundry detergent with our patented pump dispenser, was launched.
2016	Our production base in Kunshan on our owned property was established and commenced operation.
2017	Our production base in Chongqing on our owned property was established and commenced operation.
2018	The Supreme Biotechnology Liquid Laundry Detergent was launched.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Event
2019	We were awarded the National Environmental Labelling Contribution Award (中國環境標誌貢獻獎) and the National Environmental Labelling Outstanding Enterprise (中國環境標誌優秀企業獎) from China Ministry of Ecology and Environment Development.

Our Early History

Our history dates back to 1992 when Daoming Company (with Mr. Luo as one of the founders) launched our first “Blue Moon (藍月亮)” brand cleaning product. In 1994, Guangzhou Blue Moon Company was established in the PRC by Mr. Luo and Mr. Luo Wengui, Mr. Luo’s father, to take over the business of “Blue Moon (藍月亮)” brand cleaning products from Daoming Company. Daoming Company has since then ceased to engage in any business relating to the manufacturing of “Blue Moon (藍月亮)” brand cleaning products and focused on the manufacturing and sales of chemical raw materials. For more information about Daoming Company and its transactions with our Group, please refer to the section headed “Connected Transactions”.

Since the establishment of Guangzhou Blue Moon Company in 1994, Ms. Pan has been one of its key technical consultants until her formal appointment as the chief technology officer of our Group in 2003.

Incorporation of Blue Moon Group as an offshore holding entity

Blue Moon Group was incorporated in Hong Kong on 24 November 1994 as an offshore investment holding company. Upon its incorporation, Mr. Luo subscribed for 9,000 shares and Mr. Fu Xiangdong, the brother of Mr. Luo, subscribed for the remaining 1,000 shares. Mr. Fu Xiangdong subsequently transferred all his shareholding in Blue Moon Group comprising 1,000 shares to Ms. Pan on 23 November 1997. From its incorporation until the establishment of Blue Moon Biotechnology on 13 July 2001¹, Blue Moon Group did not carry on any business activity or have any subsidiary.

On 8 September 2001, Mr. Luo and Ms. Pan transferred, respectively, 9,000 and 999 shares of Blue Moon Group to ZED, another offshore investment holding company which was then wholly owned by Mr. Luo Wengui, Mr. Luo’s father. Following the share transfer, ZED held 9,999 shares of Blue Moon Group while Ms. Pan held the remaining one share.

Development of our Group by Ms. Pan

Having been involved in the development and manufacturing of “Blue Moon (藍月亮)” brand cleaning products by Guangzhou Blue Moon Company for almost a decade, Ms. Pan formulated the strategy in 2002 to conduct the business of “Blue Moon (藍月亮)” brand products through our Group. The rationale of this business strategy was to: (i) better deploy the management and technological knowledge of Ms. Pan for operating the business and developing the “Blue Moon (藍月亮)” brand products, and (ii) capture the tax benefits which could be enjoyed by enterprises with foreign investment in the PRC pursuant to the then prevailing PRC regulations.

¹ Blue Moon Biotechnology was established on 13 July 2001 by Blue Moon Group and Blue Moon Industrial as a sino-foreign equity joint venture. At the time of establishment, the equity interest was held by Blue Moon Group and Blue Moon Industrial as to 90% and 10%, respectively. The equity interest held by Blue Moon Industrial was later transferred to Blue Moon Group on 3 July 2006 and Blue Moon Biotechnology therefore became a wholly owned subsidiary of our Group. Blue Moon Biotechnology later merged with Blue Moon China by absorption in 2013.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As part of the implementation of this business strategy, Ms. Pan acquired the entire issued share capital of ZED from Mr. Luo Wengui in 2002 and, as a result, became the ultimate sole beneficial owner of Blue Moon Group (which in turn held 90% of the equity interest of a PRC operating entity, Blue Moon Biotechnology, at the time of such acquisition and eventually became interested in 100% of the equity interest thereof in 2006). Blue Moon Group also acquired the entire equity interest of another PRC operating entity, Blue Moon Industrial, from Mr. Luo and Mr. Luo Wengui in 2003. Following such acquisitions, Ms. Pan designated Blue Moon Group as the holding company of our Group and the two PRC operating entities of our Group, Blue Moon Biotechnology and Blue Moon Industrial, became the manufacturing arms of our Group.

Since the acquisitions of Blue Moon Biotechnology and Blue Moon Industrial, our Group has engaged in the manufacturing and processing of products for Guangzhou Blue Moon Company, which in turn distributed such products under the “Blue Moon (藍月亮)” brand in the PRC market. Our Group expanded its business by developing its own sales and distribution network and gradually distributing the “Blue Moon (藍月亮)” brand products through our own sales and distribution channels. Guangzhou Blue Moon Company ceased to engage in the manufacturing, sales and distributions of “Blue Moon (藍月亮)” brand products, and was eventually voluntarily dissolved in 2012.

Reorganisation and further expansion of our Group

Our Group underwent a reorganisation between 2007 and 2010. As part of such reorganisation, our Company was incorporated in the Cayman Islands and became the ultimate holding company of our Group. For details of such reorganisation, please refer to the subsection headed “Incorporation of our Company and Aswinn and shareholding restructuring involving Blue Moon Group” below.

Since 2011, our Group has further expanded its presence and production bases in the PRC. We have established a number of subsidiaries to (i) operate our production bases in Guangzhou, Tianjin, Kunshan and Chongqing, (ii) manage our sales and distribution network, and (iii) provide laundry and other services in the PRC. For details in relation to the business of our operating subsidiaries, please refer to the section headed “Business” and the subsection headed “Our Major Subsidiaries” below.

OUR MAJOR SUBSIDIARIES

The following table sets out the principal business activities and the date and place of incorporation of each member of our Group that made a material contribution to our results of operations during the Track Record Period:

<u>Name of subsidiary</u>	<u>Principal business activities</u>	<u>Date and place of incorporation</u>
Blue Moon China	Sales and distribution of cleaning products	18 January 2011, the PRC
Blue Moon Industrial	Operation of our production facilities in Guangzhou and sales of cleaning products	9 January 2001, the PRC
Blue Moon Tianjin	Operation of our production facilities in Tianjin and sales of cleaning products	6 January 2010, the PRC
Blue Moon Chongqing	Operation of our production facilities in Chongqing and sales of cleaning products	30 July 2015, the PRC

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<u>Name of subsidiary</u>	<u>Principal business activities</u>	<u>Date and place of incorporation</u>
Blue Moon Kunshan	Operation of our production facilities in Kunshan and sales of cleaning products	3 December 2013, the PRC

MAJOR SHAREHOLDING CHANGES AND PRE-IPO INVESTMENTS

Incorporation of our Company and Aswann and shareholding restructuring involving Blue Moon Group

Our Company was incorporated as an exempted company in the Cayman Islands with limited liability on 27 December 2007 as “BLUE MOON INTERNATIONAL HOLDINGS LIMITED 藍月亮國際控股有限公司”. Upon incorporation, one share of HK\$0.01 each was allotted and our Company became a wholly owned subsidiary of ZED, the entire share capital of which was held by Ms. Pan. In 2008, our Company changed its name to “Blue Moon Group Holdings Limited 藍月亮集團控股有限公司” and became the ultimate holding company of our Group.

On 17 November 2010, ZED transferred the entire issued share capital of Blue Moon Group of 10,000 shares to Blue Moon BVI in consideration for an allotment of 9,999 shares of HK\$1.00 each by Blue Moon BVI. Upon the completion of such transfer, ZED held 10,000 shares of HK\$1.00 each of Blue Moon BVI.

On 19 November 2010, ZED transferred 10,000 ordinary shares of HK\$1.00 each of Blue Moon BVI (representing the entire issued share capital of Blue Moon BVI) to our Company in consideration for an allotment of 9,999 Shares of HK\$0.01 each by our Company.

On 20 November 2010, ZED transferred 10,000 ordinary shares of US\$0.01 each, representing the entire issued share capital of our Company, to its then wholly-owned subsidiary, Aswann, at the par value for a consideration of US\$100. Aswann has since then become the holding company of our Company until the completion of the Distribution.

The transfer of the entire issued share capital of our Company from ZED to Aswann as described above was conducted in preparation for the introduction of the Pre-IPO Investments, which are more particularly described below. It was also conducted to create flexibility for us to consider and elect the most appropriate entity as the listing vehicle for future listings.

As advised by the PRC legal advisers to our Company, our Group was not required to obtain any regulatory approval in the PRC in respect of the transfer of shares as described above. As advised by Cayman Islands and BVI legal advisers to our Company, the above transfer of shares were also not subject to any regulatory approval in the Cayman Islands and the BVI.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Major shareholding changes and Pre-IPO Investments

Our Group received two rounds of Pre-IPO Investments, pursuant to which each of our Pre-IPO Investors subscribed for preferred shares of Aswann. Details of the Pre-IPO Investments and the subsequent transfers of shares between our Pre-IPO Investors are summarised below:

2010 Pre-IPO Investment

On 30 November 2010, a share subscription agreement was entered into between, among others, our Company, Aswann and HCM, pursuant to which HCM was issued and allotted 4,500 series A preferred shares of Aswann with par value of US\$1 each for a total consideration of US\$45,000,000, which was determined based on arm's length negotiations between the parties with reference to the agreed valuation of our Group at the time of the investment, taking into account the timing of the investment, the then status of the businesses carried out by our Group, the outlook/growth potential of our Group and the industry in which we operate in, the then values of the comparable companies on the stock markets, and the investment risks assumed by HCM in investing in an unlisted company (the "**2010 Pre-IPO Investment**"). The table below sets out the principal terms of the 2010 Pre-IPO Investment:

<u>Name of our Pre-IPO Investor</u>	<u>HCM</u>
Date of investment	30 November 2010
Number of series A preferred shares of Aswann subscribed	4,500
Number of Shares held after the completion of the Distribution and the Capitalisation Issue	492,556,918
Cost per preferred share paid	US\$10,000
Investment cost per Share after giving effect to the Distribution and the Capitalisation Issue	US\$0.091
Total consideration	US\$45,000,000
Date on which the investment was fully settled	3 December 2010
Discount to the Offer Price⁽¹⁾	93.96%

Note:

- (1) Calculated based on the assumption that the Offer Price is HK\$11.68 per Share, being the mid-point of the indicative Offer Price Range.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

2011 Pre-IPO Investment

On 20 December 2011, a share subscription agreement was entered into between, among others, our Company, Aswann, HCM, Hai Fei and CCIL, pursuant to which HCM, Hai Fei and CCIL were issued and allotted an aggregate of 660 series A1 preferred shares of Aswann with par value of US\$1 each for an aggregate consideration of US\$10,033,783.79, which was determined based on arm's length negotiations between the parties with reference to the agreed valuation of our Group at the time of the investment, taking into account the timing of the investments, the then status of the businesses carried out by our Group, the outlook/growth potential of our Group and the industry in which we operate in, and the investment risks assumed by each of HCM, Hai Fei and CCIL in investing in an unlisted company (the "**2011 Pre-IPO Investment**"). The table below sets out the principal terms of the 2011 Pre-IPO Investments:

Name of our Pre-IPO Investor	HCM	Hai Fei	CCIL
Date of investment	20 December 2011	20 December 2011	20 December 2011
Number of series A1 preferred shares of Aswann subscribed	68	329	263
Number of Shares held after the completion of the Distribution and the Capitalisation Issue	7,443,082	36,000,000 ⁽²⁾	14,500,000 ⁽³⁾
Cost per preferred share paid	US\$15,202.70	US\$15,202.70	US\$15,202.70
Investment cost per Share after giving effect to the Distribution and the Capitalisation Issue	US\$0.140	US\$0.140 ⁽²⁾	US\$0.140 ⁽³⁾
Total consideration	US\$1,033,783.79	US\$5,001,689.19	US\$3,998,310.81
Date on which the investment was fully settled	22 December 2011	21 December 2011 ⁽³⁾	5 January 2012
Discount to the Offer Price⁽¹⁾	90.71%	90.71%	90.71%

Note:

- (1) Calculated based on the assumption that the Offer Price is HK\$11.68 per Share, being the mid-point of the indicative Offer Price Range.
- (2) Hai Fei transferred its series A1 preferred shares of Aswann to Megatrend Investment Limited ("**Megatrend**"), which were subsequently transferred back to Hai Fei on 27 May 2020, as set out in the subsection headed "Share transfers between Hai Fei and Megatrend" below.
- (3) CCIL subsequently transferred 33 and 99 series A1 preferred shares of Aswann to Allied Power Limited and Van Group Limited, respectively, as set out in the subsection headed "2018 Transfers" below.

Share transfers between Hai Fei and Megatrend

With a view to realising and divesting its investment in our Group, Hai Fei entered into a share purchase agreement with Megatrend on 10 July 2017, pursuant to which Hai Fei agreed to transfer, and Megatrend agreed to acquire, 329 series A1 preferred shares of Aswann for a total consideration of US\$9,000,000 (the "**2017 Transfer**"). The consideration was determined based on arm's length negotiations between the parties with reference to the agreed valuation of our Group at the time of the transfer, taking into account the initial subscription price paid by Hai Fei for series A1 preferred shares of Aswann, and the estimated growth in the value of such shares in Aswann since the initial investment made by Hai Fei. Based on the information available

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

to our Directors, Megatrend is a wholly owned subsidiary of Yiwu Longshu Yiding Equity Investment Limited Partnership (義烏龍樹義鼎股權投資合夥企業(有限企業)) and an Independent Third Party.

Hai Fei agreed to transfer such 329 series A1 preferred shares of Aswann to Megatrend prior to the payment of the consideration and Megatrend was registered as a holder of such preferred shares on 16 October 2017. Megatrend did not complete the payment of the consideration to Hai Fei by May 2020 as it had not obtained clearance in respect of the PRC foreign exchange registration to authorise the remittance of money out of the PRC to settle the consideration, following which Megatrend agreed to transfer such preferred shares back to Hai Fei. As a result, Hai Fei and Megatrend entered into another share purchase agreement on 27 May 2020 for the transfer of the same 329 series A1 preferred shares of Aswann from Megatrend to Hai Fei for a total consideration of US\$9,000,000 (i.e. the same amount of consideration for the 2017 Transfer) (the “**2020 Transfer**”), which was off-set by the consideration payable by Megatrend pursuant to the 2017 Transfer. The 2020 Transfer was completed and fully settled on the same date. Following the completion of the 2020 Transfer, Hai Fei became the legal and beneficial owner of the 329 series A1 preferred shares of Aswann which it subscribed for under the 2011 Pre-IPO Investment.

2018 Transfers

On 23 January 2018, CCIL entered into a share purchase agreement with each of Van Group Limited and Allied Power Limited, pursuant to which CCIL agreed to transfer, and Van Group Limited and Allied Power Limited agreed to acquire, 99 and 33 series A1 preferred shares of Aswann for a total consideration of US\$3,007,308.55 and US\$1,000,459.71, respectively (together, the “**2018 Transfers**”). The consideration was determined based on arm’s length negotiations between the parties with reference to the agreed valuation of our Group at the time of the transfer, taking into account the initial subscription price paid by CCIL for series A1 preferred shares of Aswann, and the estimated growth in the value of such shares in Aswann since the initial investment made by CCIL. The share transfers to Van Group Limited and Allied Power Limited were completed and fully settled on 8 May 2018 and 17 April 2018, respectively.

The transfer of part of CCIL’s shareholding in Aswann was made by CCIL to realise part of the gain of its investment in our Group.

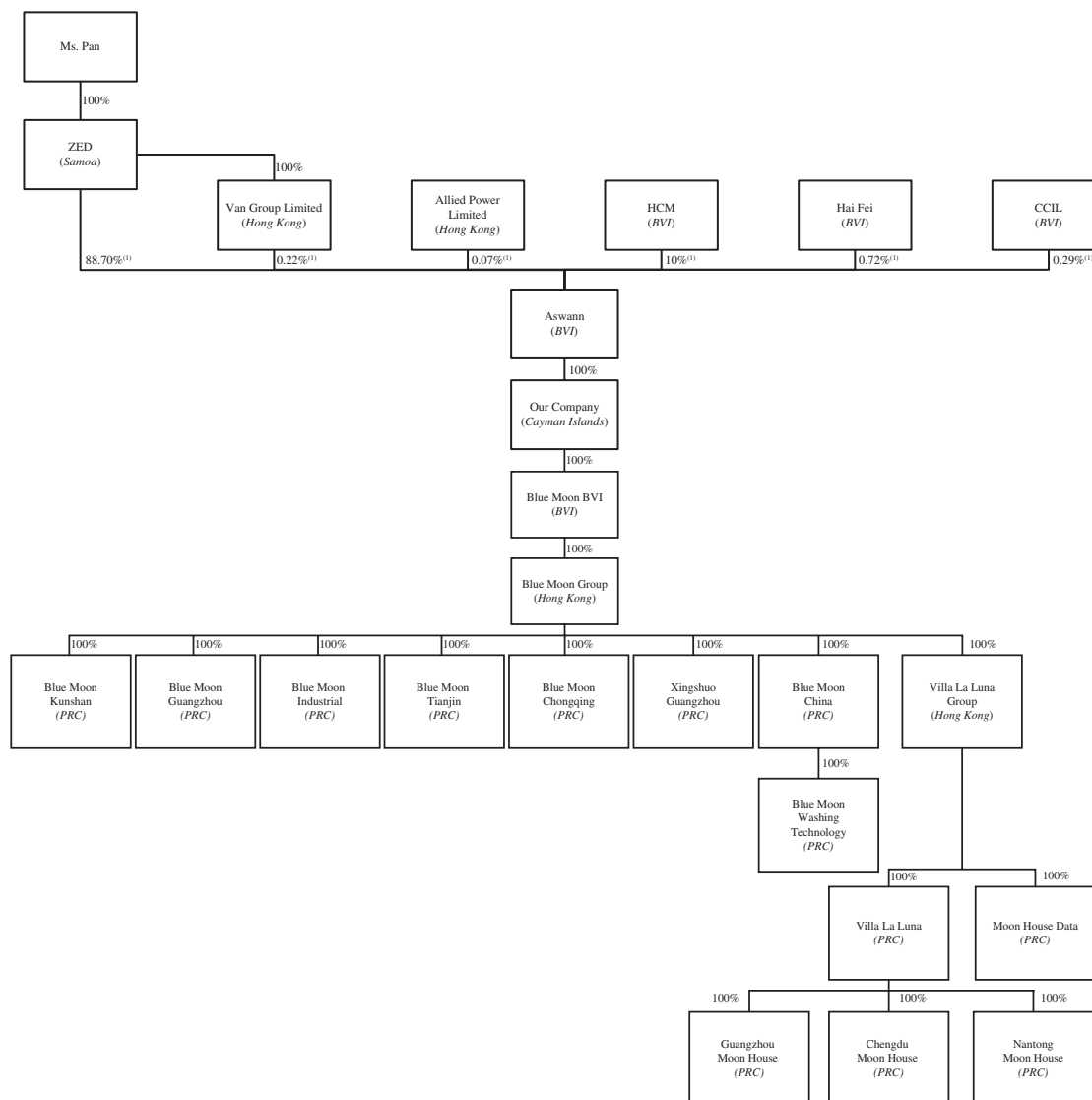
Van Group Limited is an investment holding company incorporated in Hong Kong with no other investment other than its holding of series A1 preferred shares in Aswann. It is wholly owned by ZED and indirectly controlled by Ms. Pan. She acquired the 99 series A1 preferred shares of Aswann from CCIL because she has been a Controlling Shareholder for more than 10 years and has continued to have confidence in the business and development of our Group. Allied Power Limited is an investment holding company incorporated in Hong Kong with no other investment other than its holding of series A1 preferred shares in Aswann. It is wholly owned by Mr. Poon Kwok Leung, an executive Director, the chief financial officer and the company secretary of our Company. He acquired the 33 series A1 preferred shares of Aswann from CCIL as he regarded it as an opportunity for him to invest in our Group where he had been working for more than 10 years and to share in the future success of our Group.

Shareholding Structure following the Pre-IPO Investments and the Major Shareholding Changes

Immediately following the completion of the 2010 Pre-IPO Investment, the 2011 Pre-IPO Investment, the 2017 Transfer, the 2018 Transfers and the 2020 Transfer and prior to the shareholding restructuring and

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

reorganisation as set out in the subsection headed “Shareholding Restructuring and Reorganisation” below, the shareholding structure of our Company is set out in the chart below:



Note:

- (1) The shareholding percentage of each of the shareholders of Aswann represents the percentage of its respective voting rights at general meetings of Aswann as calculated by its respective holding of ordinary shares or preferred shares of Aswann, as the case may be.

Special Rights

In addition to the terms described above, our Company and the existing shareholders of Aswann entered into a restated shareholders agreement dated 20 December 2011 (as subsequently amended by a supplemental agreement on 11 June 2015) (the “**Shareholders Agreement**”), whereby our Pre-IPO Investors were granted certain special rights such as information rights, redemption and divestment rights, anti-dilution rights and veto rights on certain matters relating to our Group. As a result of the 2018 Transfers, each of CCIL, Van Group Limited and Allied Power Limited also entered into a deed of assignment, pursuant to which each of Van Group Limited and Allied Power Limited

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

agreed to adhere to and be bound by the provisions under the Shareholders Agreement as if they were a party to the Shareholders Agreement as CCIL, with effect from the respective completion of the 2018 Transfers. As such, special rights granted to CCIL (being one of the Pre-IPO Investors) under the Shareholders Agreement are also applied to each of Van Group Limited and Allied Power Limited. Pursuant to the Deed of Amendment, (a) the redemption and divestment rights granted to our Pre-IPO Investors, Van Group Limited and Allied Power Limited have been held in abeyance since 28 June 2020 (unless and until the Listing does not take place), and (b) the Shareholders Agreement (including the redemption and divestment rights and other special rights) will be terminated upon the Listing. The Pre-IPO Investors, Van Group Limited and Allied Power Limited are parties to the Deed of Amendment and as such, the terms thereof are applicable to and binding on them.

Pursuant to the Shareholders Agreement, subject to compliance with applicable rules and regulations, we agreed to grant an option to each of the Pre-IPO Investors pursuant to which the Pre-IPO Investors and/or their respective designated affiliate(s) are entitled, together, to subscribe for up to an aggregate of 25% of the new Shares in a qualified IPO (the “**Anti-Dilution Option**”). The purpose of the Anti-Dilution Option is to allow the Pre-IPO Investors to maintain up to their respective existing shareholding in our Company upon completion of a qualified IPO.

In accordance with the terms of the Shareholders Agreement as set out above, we have granted the Anti-Dilution Option to each of the Pre-IPO Investors, pursuant to which each Pre-IPO Investor and/or its designated affiliate(s) are entitled, together, to subscribe for such number of Shares to be offered by our Company in a qualified IPO such that the percentage of Shares which each Pre-IPO Investor and/or its designate affiliate(s) will (directly and indirectly) hold immediately following the completion of a qualified IPO (including the exercise of any over-allotment option which may be granted by us to the underwriters of such qualified IPO) will be up to that immediately prior to the completion of such qualified IPO. In the event that there is more than one Pre-IPO Investor which exercises the subscription right under the Shareholders Agreement (and the Anti-Dilution Option granted thereunder) and that the aggregate number of Shares which all the exercising Pre-IPO Investors intend to subscribe for shall exceed 25% of the new issuance of Shares under a qualified IPO, each exercising Pre-IPO Investor shall have the right to subscribe for such number of new Shares which is proportionate to the number of ordinary shares in Aswann (calculated on an as-converted basis) or the number of Shares (if the Pre-IPO Investors hold Shares directly) held by such Pre-IPO Investor to the total number of ordinary shares of Aswann (calculated on an as-converted basis) or the total number of Shares (if the Pre-IPO Investors hold Shares directly) immediately prior to completion of such qualified IPO.

The Global Offering constitutes a qualified IPO under the Shareholders Agreement. HCM has partially exercised the Anti-Dilution Option granted to it, and the HCM Entities will subscribe for such number of Offer Shares in the Global Offering which will enable the HCM Entities to maintain their aggregate shareholding in our Company upon completion of the Global Offering of 9.3% (whether or not the Over-allotment Option is exercised in full) (the “**Anti-Dilution Subscription**”). The Anti-Dilution Subscription shall be made on the same terms and conditions as those generally offered to other investors under the Global Offering, and the Offer Shares subscribed by the HCM Entities in the Global Offering will rank *pari passu* with and have the same rights as other Offer Shares issued pursuant to the Global Offering. The other Pre-IPO Investors (being Hai Fei and CCIL) have confirmed to us that they will not exercise the Anti-Dilution Option granted to them.

Following completion of the Distribution and the Capitalisation Issue (but before the completion of the Global Offering), HCM will hold 500,000,000 Shares. Pursuant to the partial exercise of the Anti-Dilution

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Option, the HCM Entities will subscribe for (i) 34,500,000 Shares in the Global Offering (assuming that the Over-allotment Option is not exercised) or (ii) 44,922,500 Shares in the Global Offering (assuming that the Over-allotment Option is exercised in full). If the Over-allotment Option is exercised in part only, the HCM Entities will subscribe for such number of Offer Shares which will result in the HCM Entities holding 9.3% shareholding in our Company following the exercise of the Over-allotment Option.

In light of the exercise of the Anti-Dilution Option and the Anti-Dilution Subscription, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, waiver from strict compliance with Rule 10.04 of the Listing Rules and consent pursuant to Paragraph 5(2) of Appendix 6 to the Listing Rules. Please refer to the section headed “Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance” for further details of such waiver application.

Lock-up Undertakings

As agreed in the Deed of Amendment, in preparation for the Global Offering, each of our Pre-IPO Investors, Van Group Limited and Allied Power Limited has entered into a deed of lock-up undertaking on 23 November 2020 in favour of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters, pursuant to which Shares held by each of our Pre-IPO Investors, Van Group Limited and Allied Power Limited (excluding the Offer Shares to be subscribed by the HCM Entities under the Global Offering pursuant to the exercise of the Anti-Dilution Option) are subject to lock-up for a period of six months after the Listing.

Use of Proceeds and Strategic Benefits from Pre-IPO Investments

The proceeds raised from the 2010 Pre-IPO Investment and the 2011 Pre-IPO Investment were paid directly to our Company as directed by Aswann as funding for the general working capital of our Group. As at the Latest Practicable Date, all of the proceeds received by our Company from the Pre-IPO Investments had been utilised.

Our Directors believed that our Company has benefitted from the capital raised through the Pre-IPO Investments and the endorsement of our Company’s performance, strength and prospects as reflected by the Pre-IPO Investments.

Public Float

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options granted under the Pre-IPO Share Option Scheme) and the Capitalisation Issue, ZED (directly and through Van Group Limited) will hold 77.36% of our issued Shares and be a substantial shareholder of our Company. Therefore, our Shares held by ZED and Van Group Limited will not be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Further, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options granted under the Pre-IPO Share Option Scheme) and the Capitalisation Issue, Allied Power Limited will

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

hold 0.06% of our issued Shares. As Allied Power Limited is wholly owned by Mr. Poon Kwok Leung, an executive Director, the chief financial officer and the company secretary of our Company (being a core connected person of our Company), Allied Power Limited is a close associate of Mr. Poon Kwok Leung. Accordingly, our Shares held by Allied Power Limited will not be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Our Shares held by each of the Pre-IPO Investors will be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for each of the Pre-IPO Investments was settled at least 28 clear days prior to the date of the first submission of the listing application form to the Stock Exchange, (ii) the redemption and the divestment rights have been held in abeyance since 28 June 2020 (unless and until the Listing does not take place), and (iii) all special rights granted to any Pre-IPO Investor pursuant to the terms of the Pre-IPO Investments will be terminated upon the Listing, the Joint Sponsors are of the view that the Pre-IPO Investments are in compliance with Guidance Letters HKEX-GL29-12, HKEX-GL43-12 and HKEX-GL44-12.

Background Information about our Pre-IPO Investors

HCM

HCM is a company incorporated in the BVI on 25 November 2010, which is owned as to 95.32% by Gaoling Fund, L.P. and 4.68% by YHG Investment, L.P. (formerly known as Gaoling Yali Fund, L.P.). Gaoling Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital serves as the sole investment manager of Gaoling Fund, L.P. and the general partner of YHG Investment, L.P.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

Hai Fei

Hai Fei is an investment holding company incorporated in the BVI on 6 September 2011 and is wholly owned by Mr. Chen Rui Cheng, an individual investor and an Independent Third Party. Mr. Chen Rui Cheng is a private investor, who indirectly through Hai Fei, holds an investment portfolio which mainly comprises financial products in primary and secondary markets. Other than the series A1 preferred shares of Aswann, Hai Fei has also made investments in online credit platform, and various other equity and debt securities.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CCIL

CCIL is an investment holding company incorporated in the BVI on 24 November 2011 and is wholly owned by Mr. Tsoi Tung Leung Toro, an individual who is an Independent Third Party. Mr. Tsoi Tung Leung Toro is a private investor, who indirectly through CCIL, holds an investment portfolio which mainly comprises equity investments in the consumer industry. Other than the series A1 preferred shares in Aswann, CCIL has also made investments in other food manufacturing, and catering related investment projects.

SHAREHOLDING RESTRUCTURING AND REORGANISATION

In preparation for the Listing, our Group has undertaken the following shareholding restructuring and reorganisation steps:

Distribution

After our Company became the vehicle for the Listing and with a view to allowing the shareholders of Aswann (including our Pre-IPO Investors) to directly hold Shares in our Company, on 22 November 2020, (i) the board of directors of Aswann approved the proposal relating to the Distribution and recommended the declaration of a dividend by Aswann to be satisfied by way of a distribution in specie of Aswann's entire shareholding in our Company, which resulted in our Shares being distributed to the shareholders of Aswann in proportion to their respective holdings of ordinary shares and preferred shares (on an as if converted basis on a ratio of 1 preferred share to 1 ordinary share), and (ii) all the shareholders of Aswann approved the Distribution. The Distribution was completed on 22 November 2020.

As advised by the legal advisers to our Company, (a) the Distribution was legal and valid under the applicable laws and regulations, and (b) no regulatory approval or consent was required in the PRC, the Cayman Islands and the BVI for the Distribution.

Capitalisation Issue

In preparation for the Global Offering, our Company will allot and issue a total of 4,999,990,000 Shares credited as fully paid at the par value of HK\$0.01 each to the holders of Shares whose names appear on the register of members of our Company at the close of business on the business day immediately preceding the Listing Date in proportion to their respective shareholdings (save that no Shareholder will be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$49,999,900 standing to the credit of the share premium account of our Company as a result of the issue of the Offer Shares pursuant to the Global Offering (the "**Capitalisation Issue**"). Our Shares to be allotted and issued under the Capitalisation Issue will rank *pari passu* in all respects with the existing issued Shares and the Offer Shares.

PRE-IPO SHARE OPTION SCHEME

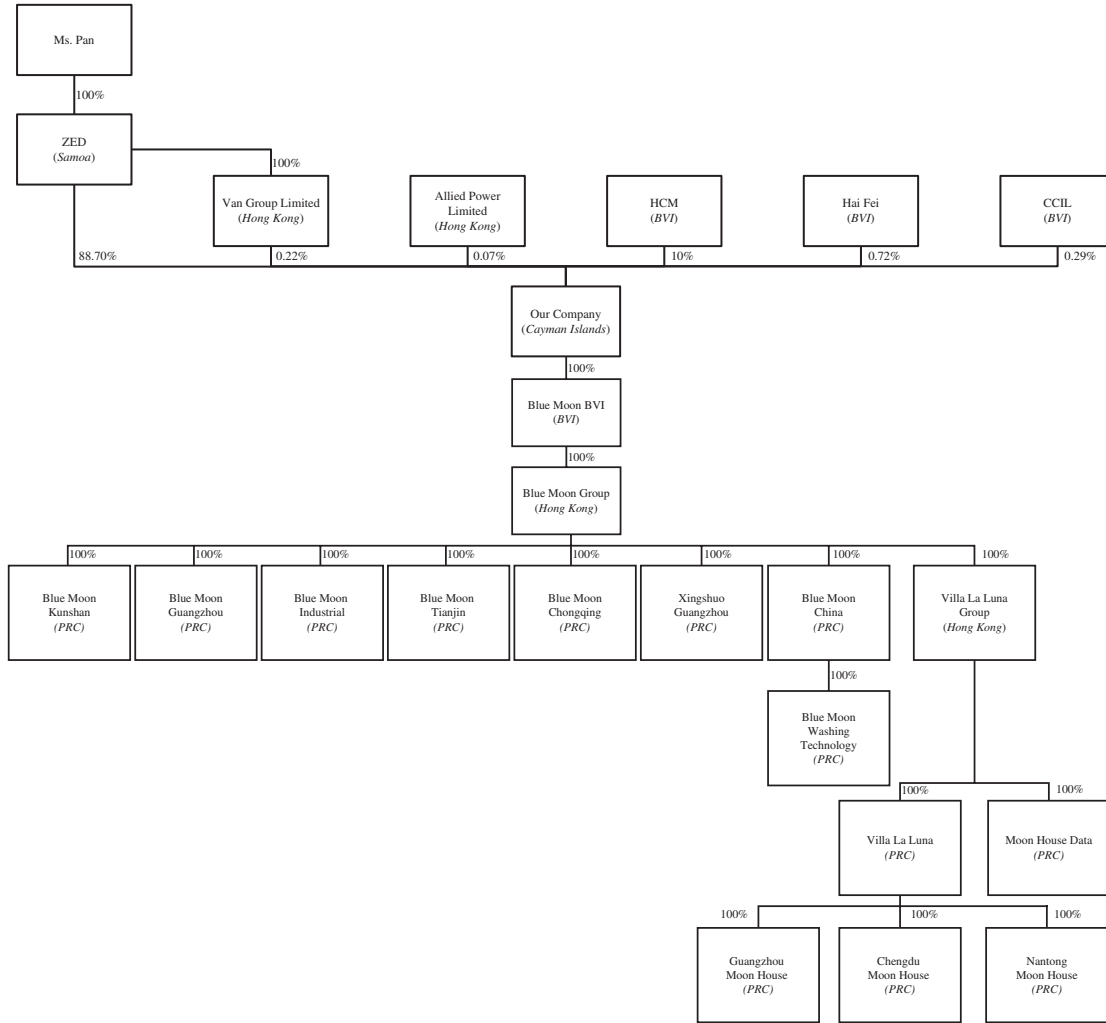
On 23 September 2020, we adopted the Pre-IPO Share Option Scheme. Please refer to the section headed "Appendix V – Statutory and General Information – D. Pre-IPO Share Option Scheme" for details.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate structure as at the date of this prospectus

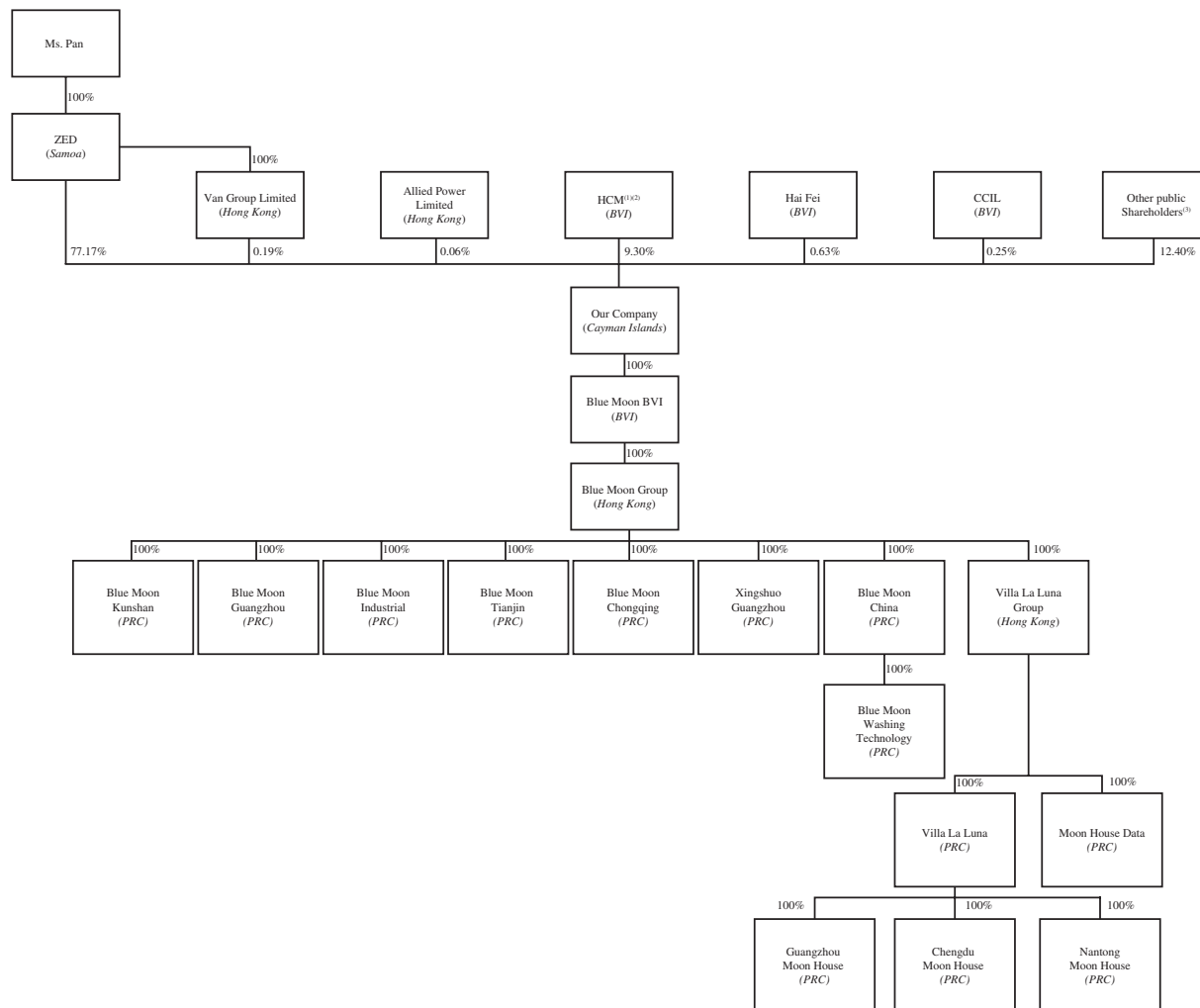
The corporate structure of our Group as at the date of this prospectus (being the date after the completion of the Distribution) is as follows:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure immediately following the completion of the Global Offering

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and not taking into account any Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme) and the Capitalisation Issue, the corporate structure of our Group will be as follows:



Notes:

- (1) Following the exercise of the Anti-Dilution Option and the Anti-Dilution Subscription as set out in the subsection headed “Major Shareholding Changes and Pre-IPO Investment – Special Rights” of this prospectus, Shares held by the HCM Entities upon the completion of the Global Offering will be counted towards our public float for the purpose of the Listing Rules.
- (2) Includes such Offer Shares to be subscribed by the HCM Entities pursuant to the partial exercise of the Anti-Dilution Option by HCM. Please refer to the subsection headed “Major Shareholding Changes and Pre-IPO Investment – Special Rights” for details.
- (3) Please refer to the section headed “Waivers from Strict Compliance with the Listing Rules and Exemption from Compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance - 4. Waiver in respect of Public Float Requirements” for details in respect of public float requirements applicable to us.
- (4) The aggregate shareholding percentage of the HCM Entities, Hai Fei, CCIL and other public Shareholders is approximately 22.58% immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares have been issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

PRC LEGAL COMPLIANCE

SAFE Registration and ODI Registration in the PRC

According to the SAFE Circular 75 and the SAFE Circular 37 (which replaced the SAFE Circular 75), a domestic resident individual shall, before contributing the domestic and overseas lawful assets or interests to a special purpose vehicle, apply to the foreign exchange office for foreign exchange registration of their overseas investments. The PRC legal advisers to our Company advised that as Ms. Pan, Mr. Poon Kwok Leung (the shareholder of Allied Power Limited), Mr. Tsoi Tung Leung Toro (the shareholder of CCIL) and Mr. Chen Rui Cheng (the shareholder of Hai Fei) are not PRC domestic resident individuals, they are not required to apply for such registration.

M&A Rules

As advised by the PRC legal advisers to our Company, the M&A Rules are not applicable to the Listing of our Company and it is unnecessary for our Group to obtain the approval of the China Securities Regulatory Commission or any other PRC government authorities in respect of the Listing of our Company for the following reasons:

- (i) Ms. Pan is a Canadian citizen;
- (ii) in October 2003, when Blue Moon Group acquired the entire equity interest of Blue Moon Industrial from Mr. Luo and Mr. Luo Wengui, the M&A Rules were not in effect; and
- (iii) our Company and our Controlling Shareholders have complied with all the relevant rules and regulations imposed by the relevant PRC government authorities in respect of the Listing of our Company and the conversion of Blue Moon Industrial from a domestic company to a wholly foreign owned company and all relevant approvals in relation thereto have been obtained.