
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are a top-ranked toluene derivative products provider in the PRC and the global market, primarily focusing on the manufacture of products from the oxidation, chlorination and ammonification of benzoic acid. Our toluene derivative products enjoy broad market appeal for food preservatives, household chemicals, animal feed acidifier and synthetic intermediates for agrochemical as well as pharmaceutical uses.

Our history traces back to 1946, when Yisheng Yanhao Hankou Fenhao (怡生鹽號漢口分號) (“**Yisheng Yanhao**”) the predecessor of Wuhan Youji, our first operating subsidiary, was founded. As the corporate and shareholding structure continued to evolve over the years, Mr. Gao Yuankun (高元坤), the father of our non-executive Director, Mr. Gao, became an indirect shareholder of Wuhan Youji in 2004, and handed over the management of Wuhan Youji to Mr. Gao gradually after Mr. Gao joined our Group in April 2010 and became a Director in September 2016. For details of the industry experience of Mr. Gao, please refer to “Directors and Senior Management – Directors – Non-executive Directors” in this document.

BUSINESS MILESTONES

The following is a summary of our key business development milestones since our inception.

<u>Year</u>	<u>Event</u>
1946	<ul style="list-style-type: none">• Yisheng Yanhao, the predecessor of our principal operating subsidiary, was established in Wuhan
1980	<ul style="list-style-type: none">• We were awarded the national quality award silver medal (國家質量獎銀質獎章) by the National Economic Commission (國家經濟委員會) of the PRC
2006	<ul style="list-style-type: none">• We established Qianjiang Xinyihong, a subsidiary wholly owned by Wuhan Youji
2011	<ul style="list-style-type: none">• We were named an innovative enterprise in Hubei (湖北省創新型企業) by the Hubei Provincial Department of Science and Technology (湖北省科學技術廳)
2014-2015	<ul style="list-style-type: none">• We participated in the drafting of national food safety standards for benzoic acid and sodium benzoate
2015-2016	<ul style="list-style-type: none">• We were named a “Top 10 Enterprises in China’s Light Industry Food Additives and Ingredients Industry” (中國輕工業食品添加劑和配料行業十強企業) by the China Food Additives and Ingredients Association (中國食品添加劑和配料協會) and the China National Light Industry Federation (中國輕工業聯合會)
2016	<ul style="list-style-type: none">• We relocated our Wuhan production base to our current site in Wuhan Chemical Industrial Park• We participated in the revision of national chemical industry standard of benzyl chloride for industrial use

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Event
2017-2019	<ul style="list-style-type: none"> We were named a “Top 50 Enterprises in China’s Light Industry Food Industry” (中國輕工業食品行業五十強企業) by the China National Light Industry Federation (中國輕工業聯合會)
2017	<ul style="list-style-type: none"> We were awarded the Green Energy Efficiency Award (綠色節能獎) by China Chemical Energy Conservation Technology Association (中國化工節能技術協會) and Benzoic Acid Energy Conservation and Green Manufacturing Professional Committee (苯甲酸節能綠色製造專業委員會)
2018	<ul style="list-style-type: none"> We were included in the third batch of Green Manufacturing List (第三批綠色製造名單) released by the General Office of the Ministry of Industry and Information Technology (工業和信息化部辦公廳) and were awarded as a Green Factory (綠色工廠)
2020	<ul style="list-style-type: none"> We were ranked 65th on the 2020 China Top 100 Fine Chemical Corporates List (2020中國精細化工百強榜單) released by China Fine Chemical Raw Material & Intermediate Industry (全國精細化工原料及中間體行業協作組), China National Intelligence and Information Association (中國化工情報信息協會) and China National Chemical Information Center (中國化工信息中心)
2021	<ul style="list-style-type: none"> We were ranked 65th on the 2021 China Top 100 Fine Chemical Corporates List (2021中國精細化工百強榜單) released by China Fine Chemical Raw Material & Intermediate Industry (全國精細化工原料及中間體行業協作組), China National Intelligence and Information Association (中國化工情報信息協會) and China National Chemical Information Center (中國化工信息中心)
2022	<ul style="list-style-type: none"> We were ranked 63rd on the 2022 Hubei Top 100 Private Manufacturing Enterprises List (湖北民營企業製造業100強) released by the Hubei Provincial Industry and Commerce Confederation (湖北省工商業聯合會)

OUR MAJOR SUBSIDIARIES

The table below sets forth information about our operating subsidiaries which made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Date and place of establishment	Principal business activities	Ownership as of the Latest Practicable Date	Major shareholding changes during the Track Record Period
Wuhan Youji	January 12, 1990, PRC	Manufacture of toluene derivative products	100%	None
Qianjiang Xinyihong	December 5, 2006, PRC	Manufacture of toluene derivative products	100%	None
Hubei Kangxin	December 12, 2018, PRC	Trading of toluene and its derivative products	100%	None

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

EVOLUTION OF OUR GROUP

Predecessor of Wuhan Youji

In 1946, Yisheng Yanhao, the predecessor of Wuhan Youji, was established by Shanghai Dasheng Trading Company (上海大生貿易公司) to engage in the sale business. In 1956, Youji Plant became a public-private partnership and was renamed to Xinkang Chemical Plant (新康化工廠). In 1966, it was restructured into a state-owned enterprise by merging with Wuhan Changfeng Chemical Plant (武漢長豐化工廠), and renamed back to Wuhan Youji Synthetic Chemical Plant (武漢有機合成化工廠).

Incorporation and Early Corporate Development

On May 30, 1981, Wuhan Youji was established in the PRC as an enterprise owned by the whole people (全民所有制公司) under its former name of Wuhan Youji Synthetic Chemical Plant (武漢有機合成化工廠), with an initial registered capital of RMB11,413,213. On January 12, 1990, Wuhan Youji was re-registered under the name of Wuhan City Wuhan Youji Synthetic Chemical Plant (武漢市武漢有機合成化工廠) with a registered capital of RMB14,380,000.

On June 18, 1994, Wuhan Youji was converted into a joint stock company and renamed to Wuhan Youji Industries Joint Stock Co., Ltd. (武漢有機實業股份有限公司). Upon completion of the conversion, Wuhan Youji had a share capital of RMB32,970,000, in which RMB30,370,000, or 92.12%, were subscribed by Wuhan Chemical State-owned Assets Management Co., Ltd. (武漢市化工國有資產經營有限責任公司) (“**Wuhan Chemical SAM**”). The following table sets forth the shareholding structure of Wuhan Youji upon completion of the conversion.

Shareholder	Registered capital subscribed	Percentage interest
	<i>(RMB)</i>	
Wuhan Chemical SAM	30,370,000	92.12%
Wuhan Chemical Import and Export Corporation (武漢市化工進出口公司)	2,000,000	6.06%
Hubei Chemical Import and Export Corporation (湖北省化工進出口公司)	500,000	1.52%
Shanghai Wanguo Securities Co., Ltd., Wuhan Branch (上海萬國證券股份有限公司武漢營業部)	100,000	0.30%
Total	32,970,000	100.00%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Pursuant to the approval of the Wuhan Federation of Trade Union (武漢市總工會) on April 23, 1994 and Wuhan Economic System Reform Commission (武漢市經濟體制改革委員會) on April 5, 1996, the Wuhan Youji Employee Trust (武漢有機職工合股基金) (the “**Employee Trust**”) was established by Wuhan Youji to hold shares in Wuhan Youji for the benefit of certain Wuhan Youji’s employees. Following a capital increase, the Employee Trust, which acted as an investor in Wuhan Youji to exercise the rights and powers as a shareholder of Wuhan Youji and was represented by the Wuhan Youji labor union, subscribed for RMB10,000,000 in the share capital of Wuhan Youji. Pursuant to the articles of association of Wuhan Youji, the Employee Trust enjoyed the same shareholder rights as other shareholders of Wuhan Youji. The following table sets forth the shareholding structure of Wuhan Youji upon completion of the capital increase and subscription by the Employee Trust.

Shareholder	Registered capital subscribed	Percentage interest
	(RMB)	
Wuhan Chemical SAM	30,370,000	65.27%
The Employee Trust	10,000,000	21.49%
Wuhan Ruida Technology Co., Ltd. (武漢瑞達科技有限公司)	2,400,000	5.16%
Wuhan Chemical Import and Export Corporation (武漢市化工進出口公司)	2,000,000	4.30%
Employees of Wuhan Youji (內部職工股)	1,160,000	2.49%
Hubei Chemical Import and Export Corporation (湖北省化工進出口公司)	500,000	1.07%
Shanghai Wanguo Securities Co., Ltd., Wuhan Branch (上海萬國證券股份有限公司武漢 營業部)	100,000	0.22%
Total	<u>46,530,000</u>	<u>100.00%</u>

On September 20, 1996, Wuhan Youji listed 10,466,000 newly-issued shares, representing 18.74% of its enlarged share capital at the time, for trading on an over-the-counter market in Wuhan, namely Wuhan Securities Automated Quotations System (武漢證券自動報價系統) (the “**OTC Equity Interest**”). Following the closure of the Wuhan Securities Automated Quotations System by directives of the PRC central government, trading of such shares ceased on December 9, 1998.

On November 28, 2003, with the approval of the relevant government authorities, Wuhan Chemical SAM (which had then been renamed to Wuhan Gehua Group Co., Ltd. (武漢葛化集團有限公司)) transferred all its 30,370,000 shares in Wuhan Youji (representing 54.39% of Wuhan Youji’s issued share) to members of the senior management of Wuhan Youji at the time, including Zhou Hongdun (周鴻墩), the president and chairman of the board of Wuhan Youji appointed on December 23, 2003. Further, since September 2004, Wuhan Linuo, a PRC industrial conglomerate founded by Mr. Gao Yuankun, the father of Mr. Gao, and Mr. Shen, started to increase their shareholding in Wuhan Youji through arm’s-length acquisitions of shares from the then shareholders.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Reverse Merger with Cougar Holdings and Previous Quotation on the OTCBB

In order to seek a listing in the U.S., on June 9, 2005, Wuhan Youji entered into an acquisition agreement with, among others, Cougar Holdings Inc. (“**Cougar Holdings**”), a then Nevada-incorporated investment holding company whose shares were traded on the OTCBB (ticker symbol: CGRH). Pursuant to the acquisition agreement, Cougar Holdings acquired the entire equity interest in Wuhan Youji.

On December 16, 2005, Wuhan Youji was converted into a limited liability company, and renamed to its current name, Wuhan Youji Industries Co., Ltd. (武漢有機實業有限公司). During the conversion, all OTC Equity Interest was registered under the Employee Trust such that the Employee Trust would hold equity interest in Wuhan Youji on behalf of the owners of the OTC Equity Interest (the “**OTC Shareholders**,” together with the employee shareholders of Employee Trust, the “**Employee Trust Shareholders**”).

After the approval of the Department of Foreign Trade and Economic Relations of Hubei Province, the reverse merger was completed on February 13, 2006. After its completion, Wuhan Youji became a wholly-owned subsidiary of Cougar Holdings and the shares in Cougar Holdings continued to be quoted on the OTCBB. The following table sets forth the shareholding structure of Cougar Holdings upon completion of the reverse merger:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Percentage interest</u>
The Employee Trust	5,867,546	29.34%
Wuhan Linuo	5,840,023	29.20%
Hudson Capital Corporation ⁽¹⁾	1,045,333	5.23%
Zhou Hongdun	716,743	3.58%
Wuhan Xuanwei Trading Co., Ltd. (武漢市宣威商貿有限公司)	688,074	3.44%
Hubei Tuopu	143,349	0.72%
Zaoyang Jinma Chemical Co., Ltd. (棗陽金馬化工有限公司) (“ Zaoyang Jinma ”)	28,670	0.14%
Other shareholders ⁽³⁾	5,670,262	28.35%
Total	<u>20,000,000</u>	<u>100.00%</u>

Notes:

- (1) Hudson Capital Corporation was one of the original shareholders of Cougar Holdings.
- (2) Hubei Tuopu was held as to 30% by Wu Manzhong (吳滿忠) (“**Mr. Wu**”), a current Shareholder and an independent third party, at the time.
- (3) Other shareholders represented 184 public shareholders of Cougar Holdings (including employees of Wuhan Youji), all independent third parties, whose shareholdings ranged from 0.005% to 2.15%.

In December 2007, the total number of shareholders of Cougar Holdings fell to fewer than 300 persons. Pursuant to the applicable listing rules, on December 20, 2007, Cougar Holdings filed Form 15-12G with the U.S. Securities and Exchange Commission to terminate or suspend its duty to file reports pursuant to Rule 12g-4(a)(1)(i) and then became a “Dark or Defunct” company listed on the Pink open market (the “**Pink Sheets Market**”). Since then,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

the shares in Cougar Holdings ceased to be quoted on the OTCBB. To the best knowledge of our Directors having made all reasonable enquiries, since the completion of the reverse merger with Cougar Holdings up to the delisting of Cougar Holdings' shares from the OTCBB and the Pink Sheets Market:

- (i) Cougar Holdings and all the then operating entities and subsidiaries under its control (including but not limited to Wuhan Youji) had operated in compliance in all material respects with all applicable rules of the OTCBB and the Pink Sheets Market, and had not been subject to any disciplinary action imposed by any relevant law enforcement authority; and
- (ii) there are no matter in relation to its prior quotation on the OTCBB and the Pink Sheets Market and the delisting therefrom that should be brought to investors' attention.

Based on the independent due diligence work undertaken by the Sole Sponsor and having reviewed the underlying materials relating to the reverse merger with Cougar Holdings and previous quotation on the OTCBB, the Sole Sponsor concurs with the view of our Directors as mentioned above.

Between 2009 and 2015, Wuhan Linuo, Mr. Gao and Mr. Shen further increased their shareholding in Cougar Holdings through a series of transactions of shares in Cougar Holdings. In particular, between 2009 and 2010, Mr. Gao acquired an aggregate of 17.04% shares in Cougar Holdings from the Employee Trust and Wuhan Youji's then employees including Zhou Hongdun for an aggregate consideration of RMB42,913,593.34, which was determined after arm's length negotiations with reference to the operating results and prospects of business of Wuhan Youji at the time.

The 2016 Restructuring

With a view to providing minority shareholders of Cougar Holdings an exit option to realize their investment in Cougar Holdings following the termination of quotation on the OTCBB, in 2016, we underwent a series of restructuring (the "**2016 Restructuring**") with the attention whereby our Company became the holding company of our operating subsidiaries in place of Cougar Holdings.

In February 2016, certain shareholders of Cougar Holdings entered into certain agreements whereby they contributed their shares to CHI MergerCo ("**MergerCo**"), a Nevada corporation. Immediately after the contributions, MergerCo held at least 90% of the outstanding stock of Cougar Holdings. On March 28, 2016, MergerCo's board of directors approved a plan of merger that provided for a "short form" merger of MergerCo with and into Cougar Holdings, with Cougar Holdings as the surviving corporation. Pursuant to the merger, each share of the common stock of Cougar Holdings not owned by MergerCo would be canceled and converted into the right to receive cash in an amount equal to US\$3.32 per share as determined by an appraisal report dated April 6, 2016.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The merger was consummated on March 31, 2016 and Cougar Holdings was delisted from the Pink Sheets Market on May 6, 2016. In June 2016, Mr. Gao further increased its interest in Cougar Holdings by arm's length acquisition of 9.29% and 9.15% of the shares in Cougar Holdings from Zhang Wanli and Wuhan Centelligence Investment Center, respectively, for a consideration of US\$3,882,927.4 and US\$3,623,481.18, respectively. Each of such transfer was settled by Mr. Gao undertaking the repayment obligations under the pre-existing loans granted by Wuhan Linuo to the transferors, who otherwise have no past or present relationship with our Company, our subsidiaries, Shareholders, Directors or senior management, or any of their respective associate. Upon the completion of the acquisitions, the shareholding structure of Cougar Holdings was as follows:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Percentage interest</u>
Wuhan Linuo	8,244,108	41.22%
Mr. Gao	7,095,708	35.48%
The Employee Trust	3,559,266	17.80%
Mr. Shen	928,899	4.64%
Hubei Tuopu	143,349	0.72%
Zaoyang Jinma	28,670	0.14%
Total	<u>20,000,000</u>	<u>100.00%</u>

On May 26, 2016, Wuhan International Holding I Limited ("**Wuhan Holding I**") and Wuhan International Holding II Limited ("**Wuhan Holding II**") were incorporated in the BVI by Cougar Holdings. On June 27, 2016, Cougar Holdings transferred 99% and 1% of its equity interest in Wuhan Youji to Wuhan Holding I and Wuhan Holding II, respectively, whereby Wuhan Holding I and Wuhan Holding II became the direct holding companies of Wuhan Youji.

On June 29, 2016, Cougar Holdings changed its place of registration from Nevada, U.S. to Delaware, U.S. and was renamed to Cougar Holdings LLC. Later on June 30, 2016, Cougar Holdings further changed its place of registration from Delaware, U.S. to the BVI and was renamed to Cougar Holdings Limited. On the same day, Cougar Holdings conducted a share consolidation whereby its issued share capital became US\$10,000 divided into 10,000 shares with a par value of US\$1 per share.

On September 23, 2016, our Company was incorporated as an exempted company with limited liability in the Cayman Islands. Upon incorporation, the one subscriber share was transferred to Cougar International Growth Holding II Ltd., which in turn was wholly owned by Cougar Holdings. On September 27, 2016, Centelligence Holdings Ltd. was incorporated as a company limited by shares in the BVI by our Company ("**Centelligence BVI**"). On November 1, 2016, the then shareholders of Wuhan Holding I and Wuhan Holding II transferred their shares in the two companies to Centelligence BVI, whereby Wuhan Youji became an indirect wholly-owned subsidiary of our Company. On November 7, 2016, Centelligence BVI transferred the entire share capital of Wuhan Holding I and Wuhan Holding II to Centelligence International Holdings Limited, which in turn was directly wholly owned by Centelligence BVI.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Subsequent Share Transfers and Share Entrustment Arrangements

In order for Mr. Gao Yuankun to hand over the ownership and management of our business to Mr. Gao, his son, on September 22, 2016, Mr. Gao Yuankun caused Wuhan Linuo to transfer 5.39% of the shares in Cougar Holdings to Mr. Gao, making him the largest direct shareholder of Cougar Holdings with 40.87% of its issued shares. In addition, the remaining 35.83% shares in Cougar Holdings held by Wuhan Linuo would become held on entrustment as to 80% and 20% on behalf of Mr. Gao and Mr. Shen, respectively, representing the respective indirect shareholding of Mr. Gao Yuankun and Mr. Shen in Wuhan Linuo. The reason for Wuhan Linuo not transferring such 35.83% shares to Mr. Gao and Mr. Shen was that it was required at the time to maintain such assets on its balance sheet to satisfy certain bank loan requirements.

After the Reorganization, Mr. Gao and Mr. Shen held Shares in our Company through their respective investment holding vehicles. Therefore, the share entrustment arrangements between Wuhan Linuo, Mr. Gao Yuankun and Mr. Shen is no longer relevant to the shareholding structure of our Company.

On September 11, 2017, Mr. Shen acquired 0.14% of the shares in Cougar Holdings from Zaoyang Jinma for a consideration of RMB848,000, which was determined after arm’s length negotiation between the parties. At the time of the acquisition, Zaoyang Jinma was owned as to 60.07% by Zhang Lijin (張利進), an independent third party. Since the completion of the above share transfers and up to the Reorganization, the shareholding structure of Cougar Holdings was as follows:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Percentage interest</u>
Mr. Gao	4,087	40.87%
Wuhan Linuo	3,583	35.83%
The Employee Trust	1,780	17.80%
Mr. Shen	478	4.78%
Hubei Tuopu	72	0.72%
Total	<u>10,000</u>	<u>100.00%</u>

On February 11, 2019, Mr. Gao acquired 1.40% of the shares in Cougar Holdings from the Employee Trust, which were beneficially owned by the Wuhan Youji labor union, for a consideration of RMB14,030,209.55, which was determined with reference to Wuhan Youji’s net asset value as of December 31, 2018. Such shares remained registered under the Employee Trust until the Reorganization.

Based on the instructions from Mr. Gao and Mr. Shen, on January 18, 2021, Linuo Investment agreed to set aside 6.00% of the 35.83% shares in Cougar Holdings entrusted to it for awards pursuant to the share incentive scheme detailed in “— Employee Shareholding Platforms.” Thereafter, Linuo Investment continued to hold the remaining 29.83% shares in Cougar Holdings on entrustment for Mr. Gao and Mr. Shen. See “— Evolution of our Group — Subsequent Share Transfers and Share Entrustment Arrangements” for details of the share entrustment arrangement.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

ACQUISITIONS, DISPOSALS AND MERGERS

Major Acquisitions, Disposals and Mergers

Throughout the Track Record Period, we did not conduct any major acquisitions, mergers or disposals.

Post-Track Record Period Acquisitions

We have not acquired, agreed to acquire or proposed to acquire any business or subsidiary after the Track Record Period.

EMPLOYEE SHAREHOLDING PLATFORMS

On January 18, 2021, Cougar Holdings approved and adopted a share incentive scheme, pursuant to which Linuo Investment agreed to award 600 shares in Cougar Holdings to 104 then employees of our Group. The share awards were subject to an award price of RMB48,511.31 per share, which was the net asset value per share of our Company as of December 31, 2020 deducting distributable dividends of RMB795 million, and was fully settled by the grantees in cash on November 29, 2021. Due to the fact that the SAFE registration of the employees had not been completed by the time, the shares deliverable under the share incentive scheme remained to be held by Linuo Investment.

During the Reorganization, the 600 shares in Cougar Holdings granted by Linuo Investment, representing all shares deliverable under the share incentive scheme, were replaced with 4,500,000 Shares in our Company held by three employee shareholding platforms, namely NovaVision Holdings I Ltd., NovaVision Holdings II Ltd. and NovaVision Holdings III Ltd. (the “**Employee Shareholding Platform(s)**”) since April 1, 2022. See “— Reorganization.” Each recipient of share awards is entitled to the shareholders’ rights associated with the number of Shares held by the relevant Employee Shareholding Platform(s) that corresponds to their proportional shareholding therein. The Employee Shareholding Platforms remain the legal owners of, and control the voting rights attached to, all Shares held by them. The following table sets forth the shareholding structure of each Employee Shareholding Platform:

Name of grantee	Percentage interest			Position in our Group
	NovaVision Holdings I Ltd.	NovaVision Holdings II Ltd.	NovaVision Holdings III Ltd.	
Zou Xiaohong (鄒曉虹)	13.21%	–	4.05%	Executive Director and chairman of the Board
Zhou Xu (周旭)	13.21%	–	4.05%	Chief executive officer of our Company
Chu Shiqiong (褚世瓊)	4.72%	–	2.53%	Former employee of Wuhan Youji
Wu Jun (吳駿)	4.72%	–	2.53%	Vice president of Wuhan Youji and general manager of Hubei Kangxin

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of grantee	Percentage interest			Position in our Group
	NovaVision Holdings I Ltd.	NovaVision Holdings II Ltd.	NovaVision Holdings III Ltd.	
Xiao Rencheng (肖人程)	4.72%	–	2.53%	Former employee of Youji HK
Xiao Hai (肖海)	4.72%	–	2.53%	Deputy director of production of Wuhan factory of Wuhan Youji
Xiong Kun (熊坤)	4.72%	–	2.53%	Deputy general manager of Qianjiang Xinyihong
Xiang Shiyan (向世炎)	4.72%	–	2.53%	General manager of Hubei Xinxuanhong
Mr. Shen	2.86%	12.14%	0.41%	Non-executive Director
Zhang Zhongshan (張忠山)	–	6.60%	3.17%	Former employee of Wuhan Youji
Ma Yi (馬一)	–	6.60%	3.17%	Supervisor of Wuhan Youji
Shen Haifeng (沈海峰)	–	6.60%	3.17%	Chief financial officer of our Company
Guo Tao (郭濤)	–	6.60%	3.17%	General manager of Wuhan factory of Wuhan Youji
Dang Hui (黨輝)	–	6.60%	3.17%	General manager of Qianjiang Xinyihong and executive director of Hubei Xinxuanhong and Hubei Xinlianhong
Chen Ping (陳平)	–	6.60%	3.17%	Executive Director and joint company secretary of our Company
Huang Zhengwang (黃正望)	–	6.60%	3.17%	Executive vice president of Wuhan Youji
Li Zitong (李自桐)	–	6.60%	3.17%	Former employee of Wuhan Youji
Luo Yansheng (羅炎生)	–	2.83%	5.07%	Former employee of Wuhan Youji
Fan Jinfeng (範進鋒)	–	2.83%	5.07%	Deputy director of Wuhan factory of Wuhan Youji
Sun Bo (孫波)	–	1.89%	6.33%	Vice president of Wuhan Youji
Wang Jing (王晶)	–	0.94%	0.63%	Financial director of Qianjiang Xinyihong and Hubei Xinxuanhong
Xu Yonghong (許永紅)	–	0.94%	0.63%	Director of benzyl alcohol workshop of Qianjiang Xinyihong
Zhang Xu (張旭)	–	–	8.87%	Vice president of Wuhan Youji and executive director of Hubei Kangxin
	30 others ⁽¹⁾ : 42.44%	34 others ⁽¹⁾ : 25.64%	17 others ⁽¹⁾ : 24.32%	

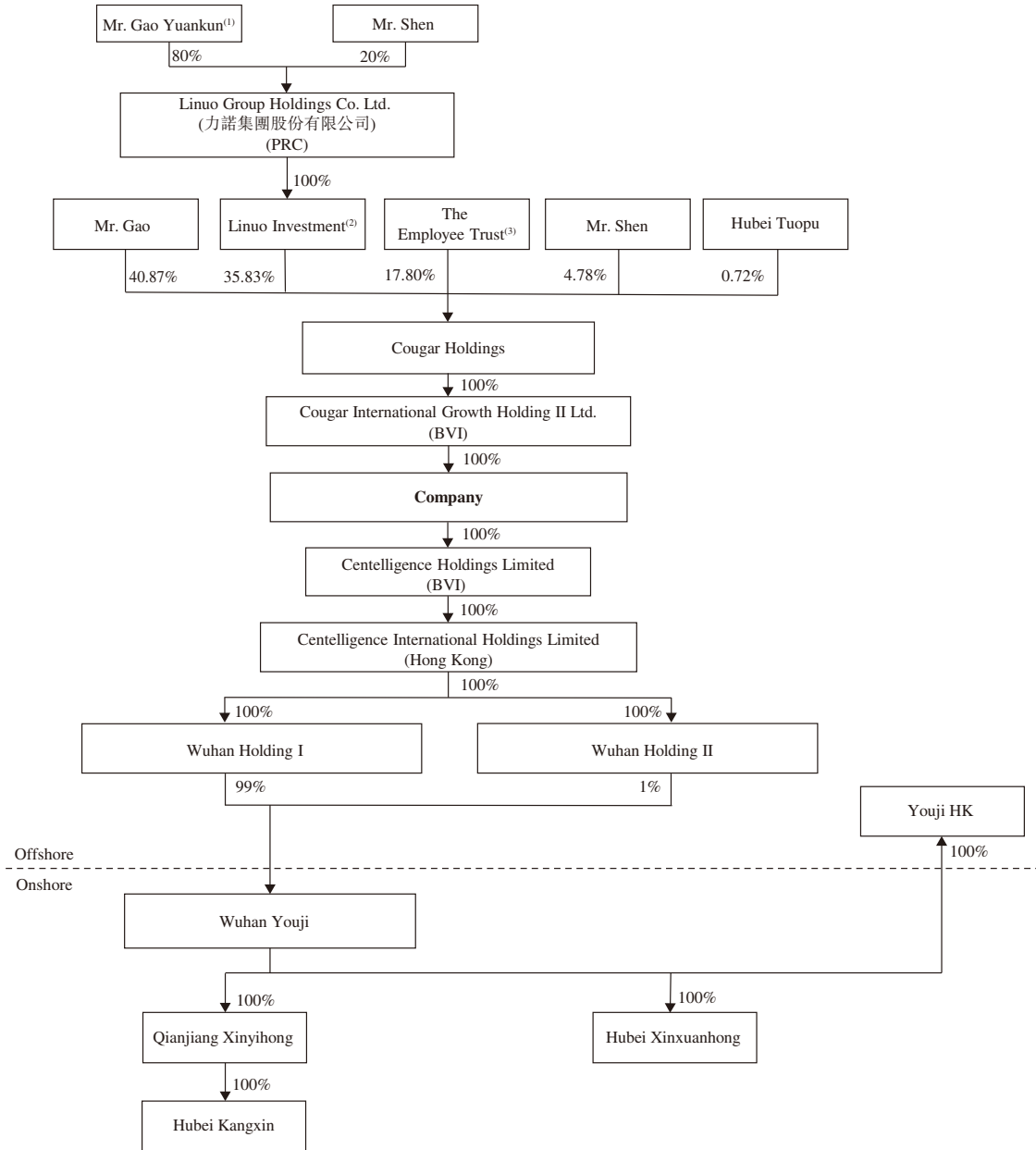
Note:

- (1) Others represent our current and former employees who are our independent third parties and have no interest in more than one Employee Shareholding Platform. There is no unidentified grantee under the share incentive scheme.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

In preparation of the [REDACTED], we have undergone the Reorganization. The following chart illustrates the corporate structure of our Group immediately prior to the Reorganization:



Notes:

- (1) Mr. Gao Yuankun is the father of Mr. Gao, our non-executive Director.
- (2) Following the consolidation of Wuhan Linuo into Linuo Investment on October 16, 2019, Linuo Investment, Wuhan Linuo’s holding company, became the registered shareholder of Cougar Holdings holding (a) 6.00% of the shares in Cougar Holdings to grantees of the then share incentive scheme as detailed in “— Employee Shareholding Platforms,” and (b) the remaining shares on entrustment for Mr. Gao and Mr. Shen. For details of the share entrustment arrangements, please refer to “— Evolution of our Group — Subsequent Share Transfers and Share Entrustment Arrangements” in this document.
- (3) The Employee Trust held 1.40% of shares in Cougar Holdings on behalf of Mr. Gao. For details, please refer to “— Evolution of our Group — Subsequent Share Transfers and Share Entrustment Arrangements” in this section.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 1: Establishment of the Offshore Holding Companies

On March 24, 2021, each of Vastocean Capital Limited, Custodian Capital Ltd., SYM Holdings Limited and Fullfaith Capital Limited was incorporated in the BVI as the wholly-owned holding vehicles of Mr. Gao, Mr. Gao as holder of the custodian of the Retaining Shareholders and Unresponsive Shareholders (as defined below), Mr. Shen and Mr. Wu respectively.

On October 14, 2021, NovaVision Holdings I Ltd. and NovaVision Holdings II Ltd. were incorporated in the BVI. On January 7, 2022, NovaVision Holdings III Ltd. was incorporated in the BVI. For the shareholding structure of these Employee Shareholding Platforms, please refer to “— Employee Shareholding Platforms” in this document.

Mr. Gao, Mr. Shen, Mr. Wu and the above employees have completed the registration required by SAFE under Circular 37. As advised by our PRC Legal Advisors, the onshore procedure concerning Step 1 is completed.

Step 2: Arrangements for Employee Trust Shareholders

As detailed in “— Evolution of our Group — Incorporation and Early Corporate Development,” the Employee Trust is a vestige of Wuhan Youji’s past, holding the interests of the beneficial shareholders for more than two decades as Wuhan Youji underwent the privatization, reverse merger and offshore restructuring. The vast majority of them are not employee shareholders over whom the Employee Trust has authority but OTC Shareholders whose rights are registered by Wuhan Equity Custody and Trading Center (武漢股權託管交易中心), a regional equity market operating agency located in Hubei Province which serves as a service platform for equity custody registration, equity regulated transactions, and equity investment and financing comprehensive financial services for various small, medium and micro enterprises in Hubei Province. Therefore, with the assistance of the Wuhan Equity Custody and Trading Center, our Company through Wuhan Youji has actively sought to reach out to the beneficial shareholders, including survivors and heirs, with a view to resolve the historical issues with the Employee Trust.

From March 16, 2017 to December 31, 2017 and from November 20, 2021 to February 20, 2022, our Company made an offer to the then Employee Trust Shareholders with the choice to (a) sell their shareholding in Cougar Holdings at a price determined by an independent assessor or (b) retain their shares. Due to the passage of time, the Employee Trust no longer had valid contacts and identification information for each Employee Trust Shareholder. Therefore, the said share purchase offer was advertised in newspapers of Wuhan municipality and Hubei Province, China, in several rounds of notices from May to September 2017, and was posted on the website of the Wuhan Equity Custody and Trading Center.

The offer was accepted or otherwise responded to by a portion of the Employee Trust Shareholders, as follows:

Selling shareholders

For the Employee Trust Shareholders who agreed to sell their shares, such shares were acquired by Wuhan Tianyuan Deqi Trading Co. Ltd. (武漢天源德啟貿易有限公司) (“**Tianyuan Deqi**”), a company controlled by Gao Jishan (高吉山), an independent third

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

party. The transfer of shares in relation to the first round of buyout offer in 2017, representing approximately 6.2% of the shares in Cougar Holdings held by the Employee Trust in 2017 and 2018, was conducted at the consideration of RMB36,776,276, which was determined based on the net asset value of Wuhan Youji as of September 30, 2016 as appraised by an independent valuer, while the transfer in relation to the second round of buyout offer from 2021 through 2022, representing approximately 0.5% of the shares in Cougar Holdings, was conducted at the consideration of RMB4,172,016, which was determined based on the net asset value of Wuhan Youji as of October 31, 2021, after deducting distributable dividends. The buy-out transactions for the OTC Shareholders were registered by the Wuhan Equity Custody and Trading Center.

On February 28, 2022, Tianyuan Deqi transferred approximately 6.0% and approximately 0.7% of the shares in Cougar Holdings to Mr. Shen and Mr. Gao for the consideration of RMB31,423,966.62 and RMB3,842,461.58, respectively. Such consideration was determined with reference to Wuhan Youji’s net asset value as of December 31, 2021, after deducting the dividends declared at the time.

Retaining shareholders

As of May 31, 2022, 202 beneficiaries of the Employee Trust, accounting for approximately 0.78% of the shares in Cougar Holdings, had affirmatively indicated their preference to forego the buyout offer and retain their shares (the “**Retaining Shareholders**”). To preserve their rights during the Reorganization, on May 30, 2022, the Retaining Shareholders entered into a custodial agreement with Custodian Capital Ltd. whereby their shareholding interests in Cougar Holdings were transferred to Custodian Capital Ltd. Under this arrangement, the Retaining Shareholders are entitled to:

- (a) all the rights and interests corresponding to the shares thereof, including the right to receive the dividends and the earnings from any share transfer; and
- (b) request the transfer of their shares in Custodian Capital Ltd. to their own account or the account they designated upon 20 business days’ written notice, provided that they have made the requisite registration with the PRC authorities to be able to hold overseas investment.

Except with the instruction of the Retaining Shareholders, Custodian Capital Ltd. will not exercise the voting rights attached to Shares it holds. As advised by our PRC Legal Advisors, since the Retaining Shareholders have signed custodial agreements and the Retaining Shareholders have agreed with such arrangements, such arrangements are not against the wills of the Retaining Shareholders and will not infringe their rights and interests. Further, as advised by our PRC Legal Advisors, the custodian agreements entered between the Retaining Shareholders and Custodian Capital Ltd. are not in violation of Articles 153 and 154 of the Civil Code of the PRC (《中華人民共和國民法典》), and are legal, valid, binding and enforceable under PRC laws. The Retaining Shareholders were informed by our Company via telephone calls that the right to request the sale of their shares prior to the [REDACTED] would lapse in February 2022. Their rights to request the transfer of their shares to their own account or to sell after the [REDACTED] will not lapse. Mr. Gao and Custodian Capital Ltd. undertook that Custodian Capital Ltd. would not transfer, pledge, gift or otherwise dispose of the Shares held by Custodian Capital Ltd. without proper authorization.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Unresponsive shareholders

As of May 31, 2022, 179 beneficiaries of the Employee Trust and 4,964 OTC Shareholders, collectively accounting for approximately 8.92% of the shares in Cougar Holdings, could not be reached or confirmed as having responded to the offer (the “**Unresponsive Shareholders**”). Such shares were transferred to Custodian Capital Ltd., with Mr. Gao and Custodian Capital Ltd. entering into an undertaking on May 30, 2022 that the Unresponsive Shareholders would have the ability to participate in the [REDACTED] through Custodian Capital Ltd. In addition, upon presenting proof of their beneficial title in the shares registered with the Employee Trust, the Unresponsive Shareholders will be entitled to:

- (a) request the sale of their shares in Custodian Capital Ltd. and Custodian Capital Ltd. shall, subject to the applicable laws and regulations, transfer the corresponding shares to the designated account and make the payment to the Unresponsive Shareholders, provided that any such sale prior to the [REDACTED] must be completed no later than 28 clear days before the submission of the [REDACTED] application, and if any [REDACTED] application is submitted by our Company to the Stock Exchange, such sale shall only be conducted after [REDACTED].
- (b) request the purchase of their shares in Custodian Capital Ltd. by Mr. Gao at fair market value, provided that any such sale prior to the [REDACTED] must be completed no later than 28 clear days before the submission of the [REDACTED] application, and if any [REDACTED] application is submitted by our Company to the Stock Exchange, such sale shall only be conducted after [REDACTED]. The aforesaid fair market value shall be determined as follows:
 - (i) after the [REDACTED], the fair market value is based on the closing price of our Company on the previous trading day and the actual trading price, deducting the corresponding transaction tax;
 - (ii) prior to the [REDACTED], the fair market value is based on the book net asset value of Wuhan Youji at the end of the last month immediately prior to the acquisition.
- (c) request Custodian Capital Ltd. to transfer their shares in Custodian Capital Ltd. to their own account, provided that they have made the requisite registration with the PRC authorities to be able to hold overseas investment; and
- (d) request Custodian Capital Ltd. to continue holding the Shares on behalf of the Unresponsive Shareholders and enter into a new entrustment agreement between the Unresponsive Shareholders and Custodian Capital Ltd.

With a view to preserving the rights of the Unresponsive Shareholders for as long as Wuhan Youji remains an operating subsidiary of our Company, there is no time limit as to when the rights of the Unresponsive Shareholders under the above arrangement will lapse. Any dividends to be declared and paid out by our Company will be held by Custodian Capital Ltd. on behalf of the Unresponsive Shareholders and distributed to each such Unresponsive Shareholder who can prove his or her ownership of the shares. In addition, as Custodian Capital Ltd. is only the custodian of the shares owned by the Unresponsive Shareholders, it will not exercise the voting rights attached to the Shares it holds. Mr. Gao is chosen as the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

controlling person of Custodian Capital Ltd. because he, as our Controlling Shareholder and the largest Shareholder, is expected to be a long-term Shareholder. Any successor owner of Custodian Capital Ltd. must also agree to honor the rights of the Unresponsive Shareholders under the above arrangement. Mr. Gao also undertook to indemnify the Unresponsive Shareholders for any losses arising from claims made by any of the Unresponsive Shareholders with respect to the proposed arrangement. Custodian Capital Ltd. undertook to preserve the rights of the Unresponsive Shareholders until such Unresponsive Shareholders requested the transfer of their shares from Custodian Capital Ltd. to their own accounts after the presentation of proof of ownership of their shares.

The Local Financial Regulatory Bureau of Wuhan (武汉市地方金融工作局) has approved the above arrangement of the OTC Shareholders. The Wuhan Federation of Trade Union has instructed that the Wuhan Youji labor union should handle the arrangement of the employee shareholders, and the Wuhan Youji labor union held a staff representative meeting to confirm such arrangements according to the instructions by the Wuhan Federation of Trade Union. As advised by our PRC Legal Advisors, (i) the Local Financial Regulatory Bureau of Wuhan and the Wuhan Federation of Trade Union are the appropriate authorities of the Employee Trust Shareholders, and they have the authority to approve or give instructions of the arrangement of the Employee Trust Shareholders, and (ii) under the current circumstances, including the fact that the Company failed to notify the Unresponsive Shareholders of the above arrangements due to lack of contact information, Mr. Gao, Custodian Capital Ltd. and the Company have adopted reasonable measurements as far as possible to protect the interests of the Unresponsive Shareholders to lower the risk of potential objection brought by them.

Step 3: Repurchase and Issuance of Ordinary Shares in our Company

On March 7, 2022, our Company carried out a 1-to-10,000 share subdivision whereby our authorized share capital became US\$50,000 divided into 500,000,000 Shares of US\$0.0001 each (the “**Share Subdivision**”).

On the same day, our Company entered into a subscription, repurchase and transfer agreement whereby we repurchased the entire 500,000,000 Shares from Cougar International Growth Holding II Ltd. (“**Cougar International**”) (the “**Shares Repurchase**”) for a consideration of US\$5,200,000. In addition, on the same day, we allotted and issued Shares to the investment holding vehicles of Mr. Gao, Mr. Shen and Mr. Wu with reference to their respective equity interest in Cougar Holdings (the “**Share Issuance**”) at par. As a result, Vastocean Capital Limited, Custodian Capital Ltd., SYM Holdings Limited, and Fullfaith Capital Limited held 54,650,842 Shares, 7,271,448 Shares, 12,537,710 Shares and 540,000 Shares, respectively, with 4,500,000 out of the 54,650,842 Shares held by Vastocean Capital Limited as nominee of the Employee Shareholding Platforms pending the underlying employees completing the requisite registration with the PRC authorities to be able to hold overseas investment. After completing the registrations on March 30, 2022, Vastocean Capital Limited transferred 4,500,000 shares to NovaVision Holdings I Ltd., NovaVision Holdings II Ltd. and NovaVision Holdings III Ltd. on 1 April, 2022.

Step 4: Transfer of Shares to the Employee Shareholding Platforms

On April 1, 2022, the 1,639,483, 1,640,040 and 1,220,477 Shares held by Vastocean Capital Limited as nominee of the grantees of share awards were transferred to NovaVision Holdings I Ltd., NovaVision Holdings II Ltd. and NovaVision Holdings III Ltd..

For the corporate structure of our Group immediately after the Reorganization, please refer to “– Corporate Structure – Corporate Structure Before the [REDACTED]” in this document.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As advised by our Cayman Legal Advisor, we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations with the relevant governmental authorities in the Cayman Islands with respect to the Reorganization.

SHAREHOLDING SUMMARY OF OUR COMPANY

The following table sets out the shareholding structure of our Company as of the date of this document and immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

<u>Shareholder</u>	<u>Share</u>	<u>Percentage interest in our Company as of the date of this document</u>	<u>Percentage interest in our Company upon completion of the [REDACTED]</u>
Vastocean Capital Limited	50,150,842	66.86%	[REDACTED]%
Custodian Capital Ltd.	7,271,448	9.69%	[REDACTED]%
SYM Holdings Limited	12,537,710	16.72%	[REDACTED]%
FullFaith Capital Limited	540,000	0.72%	[REDACTED]%
NovaVision Holdings I Ltd.	1,639,483	2.19%	[REDACTED]%
NovaVision Holdings II Ltd.	1,640,040	2.19%	[REDACTED]%
NovaVision Holdings III Ltd.	1,220,477	1.63%	[REDACTED]%
Total	<u>75,000,000</u>	<u>100.00%</u>	<u>[REDACTED]%</u>

Upon [REDACTED], the following Shareholders will be core connected persons of our Company and hence Shares held by them will not be counted towards the public float for the purpose of Rule 8.24 of the Listing Rules:

1. Vastocean Capital Limited, which is wholly owned by Mr. Gao, our non-executive Director;
2. Custodian Capital Limited, which is wholly owned by Mr. Gao as custodian of the Retaining Shareholders and Unresponsive Shareholders; and
3. SYM Holdings Limited, which is wholly owned by Mr. Shen, our non-executive Director.

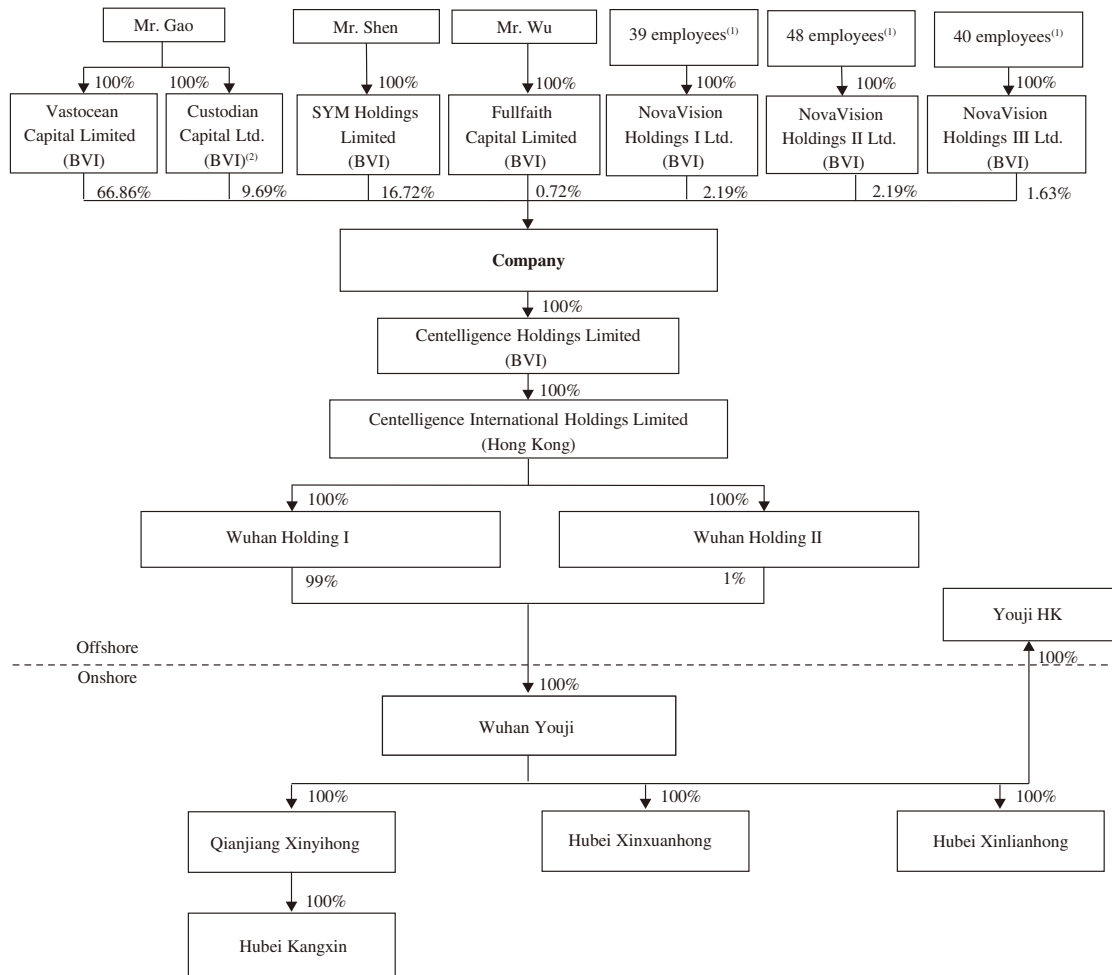
Accordingly, upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), [REDACTED]% of our issued Shares will be held by the public and counted towards the public float for the purpose of Rule 8.24 of the Listing Rules.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure Before the [REDACTED]

The following chart sets forth the shareholding structure of our Group before the [REDACTED].



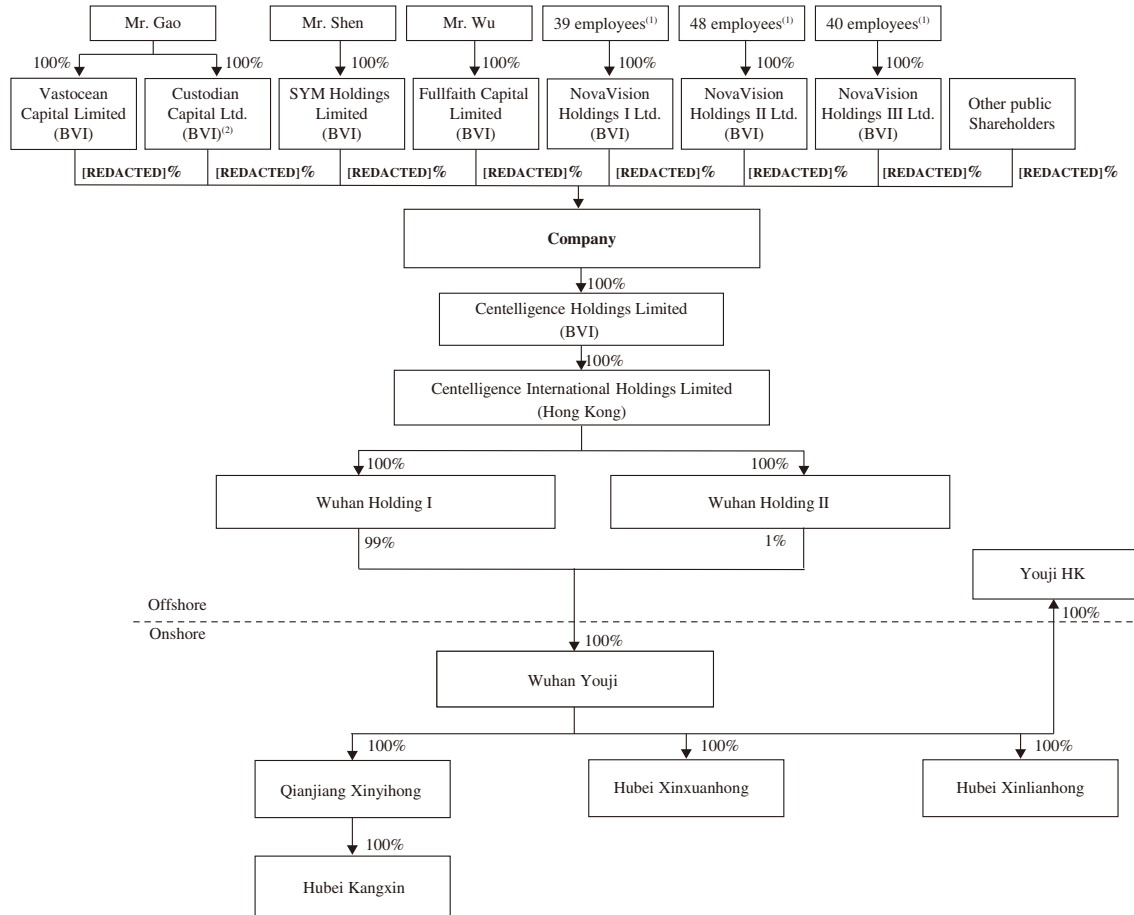
Notes:

- (1) For details of the employees holding interests in the Employee Shareholding Platforms, please refer to “— Employee Shareholding Platforms” in this document.
- (2) Custodian Capital Ltd. holds these Shares on behalf of the Retaining Shareholders and the Unresponsive Shareholders, and will not exercise the voting rights attached to Shares it holds. For details, please refer to “— Reorganization — Step 2: Arrangements for Employee Trust Shareholders” in this document.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate Structure Immediately Following the [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised).



Notes:

(1)–(2) Please refer to “— Corporate Structure — Corporate Structure Before the [REDACTED]” in this document.

PRC REGULATORY REQUIREMENTS

M&A Rules

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) jointly issued by the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, the State Administration for Industry and Commerce (currently known as the SAMR) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009 with immediate effect, (i) if any PRC domestic company, enterprise or natural person merges its affiliated domestic company in the name of an offshore company legally established or controlled by the aforesaid domestic company, enterprise or natural person, it shall be subject to the approval of the Ministry of Commerce of the People’s Republic of China (the “MOC”); (ii) require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

Our PRC Legal Advisors are of the opinion that considering that Wuhan Youji was registered as a foreign-invested enterprise before the enforcement of the M&A Rules and neither our Company nor our PRC subsidiaries performed any mergers or acquisitions which may be subject to M&A Rules, Wuhan Youji was not required by Article 11 of the M&A Rules to report to the MOC for approval in relation to the Reorganization and the [REDACTED]. Hence, the [REDACTED] of our Company are not subject to the approval procedure of CSRS under the M&A Rules.

SAFE Registration in the PRC

Pursuant to the Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (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) (“SAFE Circular 37”), promulgated by the SAFE and which became effective on July 14, 2014, (i) a PRC resident must register with the local SAFE branch in connection with their contribution of offshore or domestic assets or equity interests in an overseas special purpose vehicle (an “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting overseas investment or financing, and (ii) following the initial registration, the PRC 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 PRC 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 37, failure to comply with these registration procedures may result in penalties. In addition, the PRC subsidiaries of that Overseas SPV may be prohibited from distributing their profits or 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.

Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (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), promulgated by the SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branches to local banks where the domestic entity is registered.

As advised by our PRC Legal Advisors, Mr. Gao, Mr. Shen, Mr. Wu and the employees who were granted equity interest in our Company through the Employee Shareholding Platforms, who indirectly hold Shares and are known to us as being PRC residents, have completed the required registration under SAFE Circular 37.