
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are one of the leading and rapidly growing pantry staple food companies in China, dedicated to providing our consumers with pre-packaged premium rice, whole grain, bean, and dried food products.

Mr. Wang and Ms. Zhao, our Co-founders, entered into the pantry staple food industry in 2005 to engage in grain trading business. Over the years, we have, through our major subsidiaries Shenyang Xinchang and Wuchang Caiqiao, successfully developed a variety of brands, such as “Shiyue Daotian” and “Firewood Courtyard”. Our robust supply chain management capabilities facilitate consistent and reliable delivery of premium products to meet the evolving dietary preferences of Chinese consumers seeking healthier and more nutritious options.

In May 2018, our Company was established as a limited liability company under the PRC laws with a registered capital of RMB50,000,000. Upon our establishment, the Company was held by Mr. Wang, Mr. Shu Minghe, Ms. Zhao Shulan, Mr. Zhao Wenchen, Ms. Zhao Shujuan and Ms. Zhao as to 30.00%, 27.00%, 18.00%, 10.00%, 10.00% and 5.00%, respectively. See “Directors, Supervisors and Senior Management – Executive Directors” for the biographical background and relevant industry experience of Mr. Wang, Ms. Zhao, Mr. Shu Minghe and Ms. Zhao Shulan. On January 6, 2023, our Company was converted into a joint stock company. On February 28, 2023, our Company was renamed as Shiyue Daotian Group Co., Ltd. As of the Latest Practicable Date, our Company has an issued share capital of RMB101,474,565 with 101,474,565 Shares with a nominal value of RMB1.00 each.

OUR MILESTONES

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

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|------|---|
| 2005 | Mr. Wang and Ms. Zhao entered into the pantry staple food industry to engage in the grain trading business |
| 2011 | We launched the brands of “Shiyue Daotian” and “Firewood Courtyard”

We began cooperating with JD.com to sell products through e-commerce platforms |
| 2013 | We expanded our e-commerce platforms by initiating cooperation with Tmall |
| 2015 | The modernized production base of our Company in Wuchang was put into production to offer products such as Wuchang rice |
| 2016 | In addition to rice products, we further launched whole grain and bean products |
| 2017 | Our product lines extended to dried food products to satisfy consumers’ diverse dietary needs |

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- 2018 We launched the brand of “Sunshine Family”, providing Chinese families with value-for-money rice products
- 2021 We completed Series A Financing and Series B Financing
- The modernized production base of our Company in Shenyang Xinmin was put into production
- 2022 We were awarded “Hurun China Food Industry Top 100” by Hurun Research Institute
- We completed our overall layout of five production bases in the PRC, comprising Shenyang Xinmin, Wuchang, Songyuan, Tonghe and Aohan
- 2023 We completed Series C Financing

OUR MAJOR SUBSIDIARIES

We set forth below information about our subsidiaries that have made a material contribution to our operating results during the Track Record Period:

Shenyang Xinchang

Shenyang Xinchang was incorporated in the PRC on June 27, 2005 with limited liability, and was held by Mr. Zhao Wenchen and Ms. Zhao Shujuan as to 60% and 40%. In November 2017, Mr. Wang, Ms. Zhao Shulan, Ms. Zhao Shuju (趙淑菊, mother of Mr. Shu Minghe) and Ms. Zhao subscribed for increased registered capital of Shenyang Xinchang and/or acquired equity interest of Shenyang Xinchang from Mr. Zhao Wenchen and Ms. Zhao Shujuan. Upon completion of such capital increase and share transfers, Shenyang Xinchang was held by Mr. Wang, Ms. Zhao Shuju, Ms. Zhao Shulan, Mr. Zhao Wenchen, Ms. Zhao Shujuan and Ms. Zhao as to 30%, 27%, 18%, 10%, 10% and 5%, respectively. In June 2018 and July 2019, Ms. Zhao Shuju and Ms. Zhao Shujuan transferred their total 27% and 10% equity interest in Shenyang Xinchang respectively to Mr. Shu Minghe and Mr. Zhao Wenchen. Upon completion of such share transfers, as of July 2019, the shareholding structure of Shenyang Xinchang was as follows:

Name of Shareholder	Percentage of Shareholding
Mr. Wang	30%
Mr. Shu Minghe	27%
Mr. Zhao Wenchen	20%
Ms. Zhao Shulan	18%
Ms. Zhao	5%
Total	100%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In August 2020, our Company subscribed for an increased registered capital of Shenyang Xinchang for a consideration of RMB10 million, which was equivalent to 33.33% of the registered capital of Shenyang Xinchang. Such consideration was fully paid up on August 10, 2020. Upon completion of such subscription, our Company was interested in 33.33% of the equity interests of Shenyang Xinchang. In the same month, our Company further acquired the equity interest in Shenyang Xinchang held by its other shareholders, namely Mr. Wang, Mr. Shu Minghe, Ms. Zhao Shulan, Mr. Zhao Wenchen and Ms. Zhao, at a total consideration of RMB20 million, which was determined after arms' length negotiations with reference to the amount of paid-up capital by the above other shareholders. Such consideration was fully settled on September 14, 2020. Upon completion of such equity transfers, Shenyang Xinchang became a wholly-owned subsidiary of our Company. In June 2022, the Company increased the registered capital of Shenyang Xinchang to RMB100 million. Shenyang Xinchang is primarily engaged in sourcing, processing and sales of pre-packaged rice, whole grain, bean, and dried food products.

Wuchang Caiqiao

Wuchang Caiqiao was incorporated in the PRC on December 6, 2013 with limited liability. After several rounds of capital increase and share transfers, as of August 2019, the shareholding structure of Wuchang Caiqiao was as follows:

Name of Shareholder	Percentage of Shareholding
Mr. Wang	30%
Mr. Shu Minghe	27%
Mr. Zhao Wenchen	20%
Ms. Zhao Shulan	18%
Ms. Zhao	5%
Total	100%

In August 2020, our Company subscribed for an increased registered capital of Wuchang Caiqiao for a consideration of RMB20 million, which was equivalent to 28.57% of the registered capital of Wuchang Caiqiao. Such consideration was settled on August 11, 2020. Upon completion of such subscription, our Company was interested in 28.57% of the equity interests of Wuchang Caiqiao. In August 2020, our Company further acquired the equity interest in Wuchang Caiqiao held by its other shareholders, namely Mr. Wang, Mr. Shu Minghe, Mr. Zhao Wenchen, Ms. Zhao Shulan and Ms. Zhao, for a total consideration of RMB50 million, which was determined after arms' length negotiations among the parties with reference to the amount of paid-up capital by the above other shareholders. Such consideration was fully settled on September 14, 2020. Upon completion of such equity transfers, Wuchang Caiqiao became a wholly-owned subsidiary of our Company. In May 2022, the Company increased the registered capital of Wuchang Caiqiao to RMB100 million. Wuchang Caiqiao is primarily engaged in sourcing, processing and sales of pre-packaged rice.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT

The following sets forth the corporate history and shareholding changes of our Company.

Capital Increase and Equity Transfers

Upon its incorporation on May 3, 2018, the shareholding structure of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital subscribed for</u> <i>(RMB)</i>	<u>Percentage of shareholding</u>
Mr. Wang	15,000,000	30%
Mr. Shu Minghe	13,500,000	27%
Ms. Zhao Shulan	9,000,000	18%
Mr. Zhao Wenchen	5,000,000	10%
Ms. Zhao Shujuan	5,000,000	10%
Ms. Zhao	2,500,000	5%
Total	50,000,000	100%

Since its establishment, our Company has undertaken a series of shareholding changes as detailed below:

Share transfer in July 2019

Pursuant to the entrusted shareholding agreement entered into by Mr. Zhao Wenchen and Ms. Zhao Shujuan in July 2019 (the “**2019 Entrusted Shareholding Agreement**”), Ms. Zhao Shujuan entrusted her brother, Mr. Zhao Wenchen, to hold 10% equity interest in the Company on her behalf for administration convenience. Accordingly, Ms. Zhao Shujuan transferred her 10% equity interest in the Company to Mr. Zhao Wenchen at nil consideration in July 2019. Upon the completion of the share transfer, the shareholding structure of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital subscribed for</u> <i>(RMB)</i>	<u>Percentage of shareholding</u>
Mr. Wang	15,000,000	30%
Mr. Shu Minghe	13,500,000	27%
Mr. Zhao Wenchen ^{Note}	10,000,000	20%
Ms. Zhao Shulan	9,000,000	18%
Ms. Zhao	2,500,000	5%
Total	50,000,000	100%

Note: Pursuant to the 2019 Entrusted Shareholding Agreement, Mr. Zhao Wenchen held 20% equity interest in the Company, among which, 10% equity interest was held by Mr. Zhao Wenchen on behalf of Ms. Zhao Shujuan. No fee was paid by Ms. Zhao Shujuan to Mr. Zhao Wenchen for the purpose of the entrusted arrangement under the 2019 Entrusted Shareholding Agreement.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Share transfers in August 2020

On August 3, 2020, in order to streamline the shareholding in our Company, the following Shareholders entered into a number of share transfer agreements to transfer their shares held in the Company, details of which were listed as follows:

<u>Transferor</u>	<u>Transferee</u>	<u>Percentage of shareholding</u>	<u>Registered capital subscribed for</u> <i>(RMB)</i>	<u>Originally paid-up capital by the transferor</u> <i>(RMB)</i>	<u>Consideration</u> <i>(RMB)</i>
Ms. Zhao	Mr. Wang	5%	2,500,000	2,000,000	2,000,000
Mr. Wang	Shiyue Zhongxin	2.45%	1,225,000	980,000	980,000
	Shiyue Daotian	0.02%	10,000	8,000	8,000
	Enterprise Management ¹				
Mr. Shu Minghe	Shiyue Zhongxin	1.89%	945,000	756,000	756,000
	Shiyue Daotian	25.11%	12,555,000	10,044,000	10,044,000
	Enterprise Management ¹				
Ms. Zhao Shulan	Shiyue Zhongxin	1.26%	630,000	504,000	504,000
	Shiyue Daotian	16.74%	8,370,000	6,696,000	6,696,000
	Enterprise Management ¹				
Mr. Zhao Wenchen ²	Shiyue Zhongxin	1.4%	700,000	560,000	560,000
	Shiyue Daotian	18.6%	9,300,000	7,440,000	7,440,000
	Enterprise Management ^{1, 2}				

Notes:

- Shiyue Daotian Enterprise Management was established in July 2020 and was then owned by Shiyue Jinfeng (as the general partner), Mr. Shu Minghe, Ms. Zhao Shulan, Mr. Zhao Wenchen, Ms. Zhao Shujuan and Ms. Zhao as to 0.03%, 41.52%, 19.99%, 15.38%, 15.38% and 7.69%, respectively.*
- Prior to the share transfer in August 2020, Mr. Zhao Wenchen held 20% equity interest in the Company, among which, 10% equity interest was held on behalf of Ms. Zhao Shujuan pursuant to the 2019 Entrusted Shareholding Agreement. In August 2020, the 2019 Entrusted Shareholding Agreement was terminated, and as instructed by Ms. Zhao Shujuan, Mr. Zhao Wenchen transferred 0.7% and 9.3% equity interest of the Company to Shiyue Zhongxin and Shiyue Daotian Enterprise Management, respectively. Meanwhile, Mr. Zhao Wenchen transferred his 10% equity interest held for his own benefit to Shiyue Zhongxin and Shiyue Daotian Enterprise Management as to 0.7% and 9.3%, respectively.*

The considerations for the share transfers above were determined after arms’ length negotiations with reference to the amount of paid-up capital by the respective transferor and were fully settled on September 15, 2020. Upon completion of the above share transfers, our Company was owned by Shiyue Daotian Enterprise Management, Mr. Wang and Shiyue Zhongxin as to 60.47%, 32.53% and 7.00%, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Capital Increase in 2020 and the Series A Financing

On July 2, 2020, Mr. Wang and Shiyue Daotian Enterprise Management each subscribed for an increased registered capital of RMB6,995,699 and RMB13,004,301 in the Company at the consideration of RMB6,995,699 and RMB13,004,301, respectively, which were settled on September 15, 2020. On the even date, Generation Sigma HK Investment Limited (“**Generation Sigma HK**”) entered into a capital increase agreement with our Company to purchase increased registered capital of the Company (the “**Series A-1 Financing**”). Immediately upon the completion of the above capital increases and Series A-1 Financing, the registered capital of our Company was increased from RMB50,000,000 to RMB78,203,125 and our Company was owned by Shiyue Daotian Enterprise Management, Mr. Wang, Generation Sigma HK and Shiyue Zhongxin as to approximately 55.29%, 29.74%, 10.49% and 4.48%, respectively.

On March 12, 2021, Generation Sigma HK entered into another capital increase agreement with our Company to purchase increased registered capital of the Company (the “**Series A-2 Financing**”). Immediately upon completion of the Series A-2 Financing, the registered capital of our Company was increased from RMB78,203,125 to RMB82,821,420 and our Company was owned by Shiyue Daotian Enterprise Management, Mr. Wang, Generation Sigma HK and Shiyue Zhongxin as to approximately 52.21%, 28.09%, 15.48% and 4.23%, respectively. See “History, Development and Corporate Structure – Pre-[REDACTED] Investments” for further details.

Series B Financing and Capital Increase in 2021

On April 12, 2021 and April 23, 2021, our Company entered into several capital increase agreements and share transfer agreements with Shiyue Daotian Enterprise Management, Shiyue Zhongxin, Generation Sigma HK, YF Mega Media (HK) Limited (“**YF Mega Media (HK)**”), SCC Growth VI Holdco Y, Ltd. (“**Sequoia Capital China Growth**”), Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥)) (“**Sequoia Hanchen**”), CMC October Holdings Limited (“**CMC October**”) and Ningbo Meishan Free Trade Port Zone Ceran Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區策然投資管理合夥企業(有限合夥)) (“**Ceran Investment**”), pursuant to which (i) each of Generation Sigma HK, YF Mega Media (HK), Sequoia Capital China Growth, Sequoia Hanchen and Ceran Investment subscribed for certain amount of increased registered capital of the Company; (ii) each of YF Mega Media (HK) and CMC October acquired a 1.85% equity interest of the Company (equivalent to registered capital of RMB1,840,476 in the Company) from Shiyue Daotian Enterprise Management respectively; and (iii) Shiyue Zhongxin subscribed for an increased registered capital of RMB6,961,155 of the Company for a consideration in the same amount of the Company’s registered capital. Such capital increase by Shiyue Zhongxin was settled on September 8, 2022. Immediately upon the completion of the above Series B Financing and capital increases, the registered capital of our Company was increased from RMB82,821,420 to RMB99,445,074 and our Company was owned by Shiyue Daotian Enterprise Management, Mr. Wang, Generation Sigma HK, Shiyue Zhongxin, YF Mega Media (HK), Sequoia Capital

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

China Growth, Sequoia Hanchen, CMC October and Ceran Investment as to approximately 39.78%, 23.39%, 14.74%, 10.52%, 3.47%, 2.89%, 2.89%, 1.85% and 0.46%, respectively. See “History, Development and Corporate Structure – Pre-[REDACTED] Investments” for further details.

Share transfers in October 2021

Pursuant to a share transfer agreement in October 2021, to streamline the shareholding in our Company, Ms. Zhao acquired approximately 1.30% equity interest of the Company from Mr. Wang at a consideration equivalent to the registered capital of RMB1,288,334 of the Company. Such acquisition was fully settled on November 24, 2021. Upon completion of the share transfer, the shareholding structure of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital subscribed for</u> <i>(RMB)</i>	<u>Percentage of shareholding</u>
Shiyue Daotian Enterprise Management	39,558,349	39.78%
Mr. Wang	21,972,365	22.10%
Generation Sigma HK	14,661,896	14.74%
Shiyue Zhongxin	10,461,155	10.52%
YF Mega Media (HK)	3,450,892	3.47%
Sequoia Capital China Growth	2,875,744	2.89%
Sequoia Hanchen	2,875,744	2.89%
CMC October	1,840,476	1.85%
Ms. Zhao	1,288,334	1.30%
Ceran Investment	460,119	0.46%
Total	99,445,074	100%

Share transfers in November 2021

Pursuant to the entrusted shareholding agreement (the “**2020 Entrusted Shareholding Agreement**”) entered into by Ms. Zhao and Ms. Zhao Shulan in August 2020, Ms. Zhao Shulan entrusted her sister, Ms. Zhao, to hold RMB3,325,000 partnership interest in Shiyue Daotian Enterprise Management on her behalf due to commercial consideration amongst the family members. Accordingly, the 7.69% partnership interests held by Ms. Zhao in Shiyue Daotian Enterprise Management was held on behalf of Ms. Zhao Shulan. No fee was paid by Ms. Zhao Shulan to Ms. Zhao for the purpose of the entrusted arrangement under the 2020 Entrusted Shareholding Agreement. In light of the above, Ms. Zhao transferred her 1.30% equity interest in the Company and RMB2,036,666 partnership interest in Shiyue Daotian Enterprise Management¹ to Ms. Zhao Shulan in November 2021 and December 2021, respectively, for nil consideration. The total amount of the above 1.30% equity interest in the Company and the RMB2,036,666 partnership interest in Shiyue Daotian Enterprise Management is equivalent to Ms. Zhao Shulan’s entrusted partnership interest in Shiyue Daotian Enterprise Management under the 2020 Entrusted Shareholding Agreement.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Accordingly, the entrusted shareholding arrangement under the 2020 Entrusted Shareholding Agreement was terminated. Upon completion of the above share transfer, the shareholding structure of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital subscribed for</u>	<u>Percentage of shareholding</u>
	<i>(RMB)</i>	
Shiyue Daotian Enterprise Management ¹	39,558,349	39.78%
Mr. Wang	21,972,365	22.10%
Generation Sigma HK	14,661,896	14.74%
Shiyue Zhongxin	10,461,155	10.52%
YF Mega Media (HK)	3,450,892	3.47%
Sequoia Capital China Growth	2,875,744	2.89%
Sequoia Hanchen	2,875,744	2.89%
CMC October	1,840,476	1.85%
Ms. Zhao Shulan	1,288,334	1.30%
Ceran Investment	460,119	0.46%
Total	99,445,074	100%

Note:

1. Upon completion of the above transfer of partnership interest between Ms. Zhao and Ms. Zhao Shulan, Shiyue Daotian Enterprise Management was held by Shiyue Jinfeng, Mr. Shu Minghe, Ms. Zhao Shulan, Mr. Zhao Wenchen and Ms. Zhao Shujuan as to 0.04%, 43.68%, 24.26%, 16.02% and 16.02%.

As advised by our PRC Legal Adviser, the above entrusted arrangements, including the 2019 Entrusted Shareholding Agreement and the 2020 Entrusted Shareholding Agreement, are in compliance with the relevant PRC laws and regulations.

Share transfers in 2022 and Series C Financing

On October 12, 2022, MIC Capital Management 81 RSC Ltd (“MIC”) entered into a share transfer agreement with Shiyue Daotian Enterprise Management and Generation Sigma HK respectively, pursuant to which MIC acquired 0.96% and 2% equity interest of our Company (equivalent to the registered capital of RMB954,673 and RMB1,988,901 respectively) from Shiyue Daotian Enterprise Management and Generation Sigma HK, with considerations of RMB120,960,037 and RMB251,999,939 in equivalent U.S. dollars.

On the same date, our Company pursued its Series C Financing. Pursuant to a capital increase agreement entered into among the Controlling Shareholders Group, Ms. Zhao Shulan, Mr. Shu Minghe, Mr. Zhao Wenchen, Ms. Zhao Shujuan and MIC on October 12, 2022, MIC subscribed for an increased registered capital of the Company. Immediately upon completion of the above share transfers and Series C Financing, the registered capital of our Company was

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

increased from RMB99,445,074 to RMB101,474,565 and our Company was owned by Shiyue Daotian Enterprise Management, Mr. Wang, Generation Sigma HK, Shiyue Zhongxin, MIC, YF Mega Media (HK), Sequoia Capital China Growth, Sequoia Hanchen, CMC October, Ms. Zhao Shulan and Ceran Investment as to approximately 38.04%, 21.65%, 12.49%, 10.31%, 4.90%, 3.40%, 2.83%, 2.83%, 1.81%, 1.27% and 0.45% respectively. See “History, Development and Corporate Structure – Pre-[REDACTED] Investments” for further details.

Conversion into a Joint Stock Limited Company

On January 6, 2023, our Company was converted from a limited liability company into a joint stock limited company, and our Company was renamed as Shiyue Daotian Group Co., Ltd. on February 28, 2023.

Share Split upon [REDACTED]

As approved by our Shareholders’ general meeting held on March 30, 2023, immediately upon [REDACTED], the ordinary Shares of the Company will be split on a one-for-ten basis, and the nominal value of the Shares will be changed from RMB1.00 each to RMB0.10 each. Immediately after such Share Split, the registered share capital of the Company will be RMB101,474,565 with 1,014,745,650 Shares with a nominal value of RMB0.10 each.

PRE-[REDACTED] INVESTMENTS

The Company engaged in three rounds of Pre-[REDACTED] Investments from 2020 to 2022, details of which are set out below:

Name of Pre-[REDACTED] Investors	Date of Agreement	Date of Settlement Consideration	Amount of Registered Capital Subscribed for	Consideration	Cost Per Share ⁽¹⁾	Round of Pre-[REDACTED] Investment	Discount/ (Premium) to the [REDACTED] ⁽²⁾	Shareholding in the Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
			(in RMB)	(in RMB)	(in RMB)			
Generation Sigma HK	July 2, 2020	September 23, 2020	8,203,125	150,000,000	1.83	Series A-1	[REDACTED]%	
	March 12, 2021 ⁽³⁾	March 26, 2021	4,618,295	150,000,000	3.25	Series A-2	[REDACTED]%	[REDACTED]%
YF Mega Media (HK)	April 12, 2021	May 31, 2021	1,840,476	200,000,000	10.87	Series B	[REDACTED]% ⁽⁴⁾	
	April 23, 2021	May 24, 2021	1,610,416	175,000,000	10.87	Series B	[REDACTED]% ⁽⁴⁾	[REDACTED]%
Sequoia Capital China Growth	April 23, 2021	May 24, 2021	1,840,476	200,000,000	10.87	Series B	[REDACTED]% ⁽⁴⁾	
	April 12, 2021	April 21, 2021	2,300,595	250,000,000	10.87	Series B	[REDACTED]% ⁽⁴⁾	[REDACTED]%
	April 23, 2021	May 21, 2021	575,149	62,500,000	10.87	Series B	[REDACTED]% ⁽⁴⁾	

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED] Investors	Date of Agreement	Date of Settlement of Consideration	Amount of Registered Capital Subscribed for	Consideration	Cost Per Share ⁽¹⁾	Round of Pre-[REDACTED] Investment	Discount/ (Premium) to the [REDACTED] ⁽²⁾	Shareholding in the Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
			(in RMB)	(in RMB)	(in RMB)			
Sequoia	April 12, 2021	April 21, 2021	2,300,595	250,000,000	10.87	Series B	[REDACTED] ⁽⁴⁾	[REDACTED]%
Hanchen	April 23, 2021	May 19, 2021	575,149	62,500,000	10.87	Series B	[REDACTED] ⁽⁴⁾	[REDACTED]%
CMC October	April 23, 2021	May 21, 2021	1,840,476	200,000,000	10.87	Series B	[REDACTED] ⁽⁴⁾	[REDACTED]%
Ceran	April 12, 2021	July 1, 2021	460,119	50,000,000	10.87	Series B	[REDACTED] ⁽⁴⁾	[REDACTED]%
Investment								
MIC	October 12, 2022	November 25, 2022	2,943,574	372,959,976	12.67	Series C	[REDACTED] ⁽⁵⁾	[REDACTED]%
	October 12, 2022	February 13, 2023	2,029,491	285,714,243	14.08	Series C	[REDACTED] ⁽⁵⁾	[REDACTED]%

Notes:

- (1) Calculated based on the consideration paid and the number of Shares subscribed after the Share Split. On March 30, 2023, our Shareholder’s general meeting approved to split the Shares in the ratio of 1:10 and the nominal value of the Shares is split from RMB1.00 per share to RMB0.10 per share with effect on [REDACTED]. After the Share Split, the total share capital of the Company will become 1,014,745,650 shares.
- (2) Calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED]).
- (3) Pursuant to the Series A-1 shareholders’ agreement dated September 8, 2020, Generation Sigma HK is entitled to subscribe for the registered capital of the Company in not more than RMB150 million or equivalent U.S. dollars within 12 months from the closing date of the Series A-1 Financing. Accordingly, Generation Sigma HK subscribed for an increased registered capital of RMB4,618,295 in the Company under the Series A-2 Financing.
- (4) The premium to the [REDACTED] was due to different valuations of the Group based on mutual agreement between the Group and the relevant Pre-[REDACTED] Investors at the relevant times. Specifically, the valuation of the Company for Series B Financing in 2021 increased significantly compared to the Company’s valuation for the Series A Financing in 2020 mainly due to: (i) the Group’s revenue for the first quarter of 2021 increased as compared to the previous year thus it is expected to record a higher revenue growth in the year ended December 31, 2021 compared to the year ended December 31, 2020; (ii) the Group strengthened its multichannel operation capabilities through successful enhancing social e-commerce platforms and community group buying platforms, and enhanced cooperation with grocery retail channels partners in 2021; (iii) the Group’s modernized production base in Shenyang Xinmin was expected to put into production in 2021, which was expected to improve the supply chain capability and enlarge the production volume of the Group; and (iv) the Group established Shiyue Daotian Enterprise Management which streamlined the shareholding of the Company and further enhanced its corporate governance, and the overall management of the Company has since been led by Mr. Wang and Ms. Zhao. The consideration for Series B Financing was determined after arm’s length negotiations between our Group and the relevant Pre-[REDACTED] Investors based on the Group’s business prospects, then market value with reference to the PE ratios of comparable companies and the capital market conditions in the PRC in the first quarter of 2021.
- (5) The premium to the [REDACTED] was due to different valuations of the Group based on mutual agreement between the Group and the relevant Pre-[REDACTED] Investors at the relevant times. In general, the valuation of the Group increased from Series B Financing in 2021 to Series C Financing in 2022, which was in line with the then business growth of the Group. Specifically, the consideration for Series C Financing was determined after arm’s length negotiations between our Group and the relevant Pre-[REDACTED] Investors based on the Group’s business prospects, then market value with reference to the PE ratios of comparable companies and the capital market conditions in the PRC in 2022.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Principal Terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors’ Rights

The following table summarizes the key terms of the Pre-[REDACTED] Investments:

	Series A	Series B	Series C
Amount of registered capital increased (<i>RMB</i>)	12,821,420	9,662,499	2,029,491
Amount of consideration paid for the increased registered capital (<i>RMB</i>)	300,000,000	1,050,000,000	285,714,243
Date of agreement(s)	July 2, 2020 and March 12, 2021	April 12 and April 23, 2021	October 12, 2022
Basis of determination of the consideration	The consideration for each round of the Pre-[REDACTED] Investments was determined based on arm’s length negotiation amongst the respective Pre-[REDACTED] Investors and our Group after taking into consideration of the timing of the investments and the status of our business operations.		
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) cannot dispose of any of the Shares held by them.		
Use of [REDACTED] from the Pre-[REDACTED] Investments	We utilized the [REDACTED] from the Pre-[REDACTED] Investments for the principal business of our Group, including but not limited to the growth and expansion of our Group’s business within the PRC and the general working capital purposes. As of the Latest Practicable Date, the funds raised from the Pre-[REDACTED] Investments have been fully utilized.		

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Special Rights of the
Pre-[REDACTED] Investors

The Pre-[REDACTED] Investors were granted customary special rights, including but not limited to right of Director nomination, right of first refusal, right of co-sale, anti-dilution rights, dividend rights, liquidation rights, divestment rights, drag-along right and information rights. Pursuant to the agreements entered into by our Company with our Pre-[REDACTED] Investors dated February 28, 2023, the divestment rights, right of Director nomination, right of convening the Shareholders' meeting and/or Board meeting, and right of approval for significant matters of the Company have been terminated upon the submission of [REDACTED] to the Stock Exchange on March 31, 2023 and shall resume to be exercisable automatically upon the earliest of (i) the withdrawal of the [REDACTED] to the Stock Exchange, SFC or CSRC (if applicable) by our Company; (ii) the Stock Exchange, SFC or CSRC (if applicable) rejecting the Company's [REDACTED]; or (iii) the Company fails to complete the [REDACTED] within 20 months after the submission of the [REDACTED] to the Stock Exchange. All the other special rights shall cease to be effective and be discontinued upon [REDACTED].

**Strategic Benefits from
Pre-[REDACTED]
Investments**

At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital provided by the Pre-[REDACTED] Investors' investments in our Company, as well as the Pre-[REDACTED] Investors' knowledge and experience. Our Directors were also of the view that our Company could benefit from the Pre-[REDACTED] Investors' commitment to our Company as their investment demonstrates their confidence in the operations of our Group and serves as an endorsement of Company's performance, strengths and prospects.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Public Float

Immediately upon completion of the [REDACTED] (assuming the Share Split and Full Circulation Application of the Company are completed and the [REDACTED] is not exercised), the Company will have 811,852,700 Domestic [REDACTED] Shares and [REDACTED] H Shares, among which:

- (i) the 811,852,700 Domestic [REDACTED] Shares (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares (assuming the [REDACTED] is exercised in full)) will not be considered as part of the public float as such Domestic [REDACTED] Shares will not be converted into H Shares; and
- (ii) among the [REDACTED] H Shares,
 - (a) the 88,710,970 H Share to be converted from Domestic [REDACTED] Shares pursuant to the Full Circulation Application of the Company and listed on the Stock Exchange (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is exercised in full) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as such Shares are being held by Generation Sigma HK, which is a core connected person of the Company; and
 - (b) the 114,181,980 H Shares to be converted from Domestic [REDACTED] Shares pursuant to the Full Circulation Application of the Company and listed on the Stock Exchange (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is exercised in full), and held by YF Mega Media (HK), Sequoia Capital China Growth, Sequoia Hanchen, CMC October, Ceran Investment and MIC, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as these entities are not core connected persons of our Company upon [REDACTED] nor are they accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons;

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Details of the Conversion of Domestic [REDACTED] Shares into H Share are set out below:

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Number of Shares after the completion of the Share Split	Number of Shares upon [REDACTED] (Assuming that the Share Split and Full Circulation Application of the Company is completed and the [REDACTED] is not exercised)	
			Domestic [REDACTED] Shares	H Shares converted from Domestic [REDACTED] Shares
Mr. Wang	21,972,365	219,723,650	219,723,650	NA
Shiyue Daotian Enterprise Management	38,603,676	386,036,760	386,036,760	NA
Shiyue Zhongxin	10,461,155	104,611,550	104,611,550	NA
Ms. Zhao Shulan	1,288,334	12,883,340	12,883,340	NA
Generation Sigma HK	12,672,995	126,729,950	38,018,980	88,710,970
Sequoia Capital China Growth	2,875,744	28,757,440	14,378,720	14,378,720
Sequoia Hanchen	2,875,744	28,757,440	14,378,720	14,378,720
Ceran Investment	460,119	4,601,190	1,380,360	3,220,830
YF Mega Media (HK)	3,450,892	34,508,920	NA	34,508,920
CMC October	1,840,476	18,404,760	5,521,430	12,883,330
MIC	4,973,065	49,730,650	14,919,190	34,811,460

In light of the above, the public float of the Company will be [REDACTED]% (assuming the [REDACTED] is not exercised) or [REDACTED]% (assuming the [REDACTED] is exercised in full) upon [REDACTED].

Information about the Pre-[REDACTED] Investors

Generation Sigma HK

Generation Sigma HK is a limited liability company established in Hong Kong on April 28, 2020. Its principal business is making equity investments. Mr. Chang Bin (常斌), our non-executive Director, serves as its director. Generation Sigma HK is owned as to 80.71% by GenBridge Capital Fund I, L.P., which is a private equity investment fund with 42 limited partners and is managed by GenBridge Capital (啓承資本). GenBridge Capital (啓承資本) was

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

founded in 2016 and is a professional investment manager dedicating to investing in the Chinese consumer sectors with a focus on the new generation of brands, retail and services. None of the limited partners of GenBridge Capital Fund I, L.P. holds more than 30% of the partnership interest therein. The general partner of GenBridge Capital Fund I, L.P. is GenBridge Capital Fund I GP, Ltd., which is ultimately controlled by Ms. Li Mao Chun, an associate (but not a close associate) of Mr. Chang Bin, as such, Generation Sigma HK constitutes a connected person (and also a core connected person) of the Company.

YF Mega Media (HK)

YF Mega Media (HK) is a limited company established in Hong Kong on April 19, 2021. Its principal business is equity investment. It is wholly-owned by Mega Media Limited (BVI), a limited liability company established under the laws of the British Virgin Islands. Mega Media Limited (BVI) is wholly owned by Yunfeng Fund IV, L.P., a limited liability partnership formed under the laws of the Cayman Islands, which is ultimately managed by Yunfeng Capital Limited, which is in turn controlled by Mr. Yu Feng. Yunfeng Fund IV, L.P. is an investment fund with a wide investor base, which principally focuses on investment in the emerging industries, including internet and new consumption, technology and business services, and healthcare. Its general partner is Yunfeng Investment IV, Ltd., an exempted company with limited liability incorporated in the Cayman Islands and is ultimately controlled by Mr. Yu Feng. None of the limited partners of Yunfeng Fund IV, L.P. holds more than 15% of the partnership interest therein. Since Mr. Yu Feng resigned as a director of the Company within 12 months prior to the [REDACTED], Mr. Yu Feng constitutes a connected person of the Company. As such, YF Mega Media (HK) constitutes a connected person of the Company (but not a core connected person of the Company).

Sequoia Capital China Growth

Sequoia Capital China Growth is an exempted company with limited liability incorporated under the laws of the Cayman Islands. The sole shareholder of Sequoia Capital China Growth is Sequoia Capital China Growth Fund VI, L.P. (“**Sequoia Capital China GVI Fund**”). Sequoia Capital China GVI Fund is an investment fund whose primary purpose is to make equity investments in private companies, whose general partner is SC China Growth VI Management, L.P. The general partner of SC China Growth VI Management, L.P. is SC China Holding Limited, whose sole shareholder is SNP China Enterprises Limited. The sole shareholder of SNP China Enterprises Limited is Mr. Neil Nanpeng Shen. Since Mr. Neil Nanpeng Shen resigned as a director of the Company within 12 months prior to the [REDACTED], Mr. Neil Nanpeng Shen constitutes a connected person of the Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Sequoia Hanchen

Sequoia Hanchen is a limited partnership established in the PRC. Its principal business is to make equity investments in private companies. Its general partner is Shenzhen Sequoia An Tai Equity Investment Partnership (Limited Partnership) (深圳紅杉安泰股權投資合夥企業(有限合夥)) (“**Sequoia An Tai**”), which is ultimately beneficially owned by ZHOU Kui (周逵). Its sole limited partner is Shenzhen Sequoia Yuechen Investment Partnership (Limited Partnership) (深圳紅杉悅辰投資合夥企業(有限合夥)) (“**Sequoia Yuechen**”) holding approximately 99.9929% of its partnership interests. Sequoia Yuechen has four limited partners and has only one limited partner that holds over 30% limited partnership interest, namely Shenzhen Sequoia Yuchen Investment Partnership (Limited Partnership) (深圳紅杉煜辰投資合夥企業(有限合夥)) (“**Sequoia Yuchen**”). The general partner of Sequoia Yuechen and Sequoia Yuchen is Sequoia An Tai. Sequoia Yuchen has 32 limited partners and none of them holds more than 30% of the partnership interest therein. Sequoia An Tai is controlled by its general partner, Shenzhen Sequoia Huan Yu Investment Management Co., Ltd. (深圳市紅杉桓宇投資諮詢有限公司), which is owned by ZHOU Kui (周逵) and ZHANG Lianqing (張聯慶) as to 70% and 30%, respectively. Each of Sequoia Hanchen, its general partner and limited partner is an Independent Third Party.

CMC October

CMC October is a limited liability company established in Hong Kong on April 16, 2021. Its principal business is making equity investment. Its director is Gao Han (高函). Its shareholder CMC October (Cayman) Holdings Limited is a limited liability company established under the laws of the Cayman Islands. The ultimate beneficial owner of CMC October is Mr. Li Ruigang (黎瑞剛).

Ceran Investment

Ceran Investment is a limited partnership established under the laws of the PRC on April 8, 2018. Its principal business is to make equity investments in industrial companies and conduct investment management and consulting. The general partner of Ceran Investment is Guo Ruyi (郭如意). Its sole limited partner is Hu Wenqin (胡文欽) holding 99.00% of its partnership interest. Each of Ceran Investment, its general partner and its limited partner is Independent Third Party.

MIC

MIC is a restricted scope company established under the laws of United Arab Emirates on November 4, 2020. Its principal business is investment holding. It is an indirect wholly-owned subsidiary of Mubadala Investment Company PJSC, whose ultimate beneficial owner is the Government of Abu Dhabi.

To the best knowledge of the Company and the Directors, save as disclosed in this document, each of the Pre-[REDACTED] Investors is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Major Acquisitions, Disposals and Mergers

During the Tracking Record Period, save as disclosed in the subsection headed “- Our major subsidiaries”, we have not made any acquisitions, disposals or mergers that we consider to be material to us.

Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the considerations for the Pre-[REDACTED] Investments were settled more than 28 clear days before the date of our first submission of the [REDACTED] to the Stock Exchange in relation to the [REDACTED], (ii) the divestment rights granted to the Pre-[REDACTED] Investors have been automatically terminated when the Company filed its [REDACTED] on the Stock Exchange, and (iii) all the other special rights granted to the Pre-[REDACTED] Investors will be terminated upon the [REDACTED], the Joint Sponsors are of the view that the Pre-[REDACTED] Investments are in compliance with Guidance Letters HKEX-GL29-12 and HKEX-GL43-12 issued by the Stock Exchange. The Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017 is not applicable to the Pre-[REDACTED] Investments as no convertible instrument was issued.

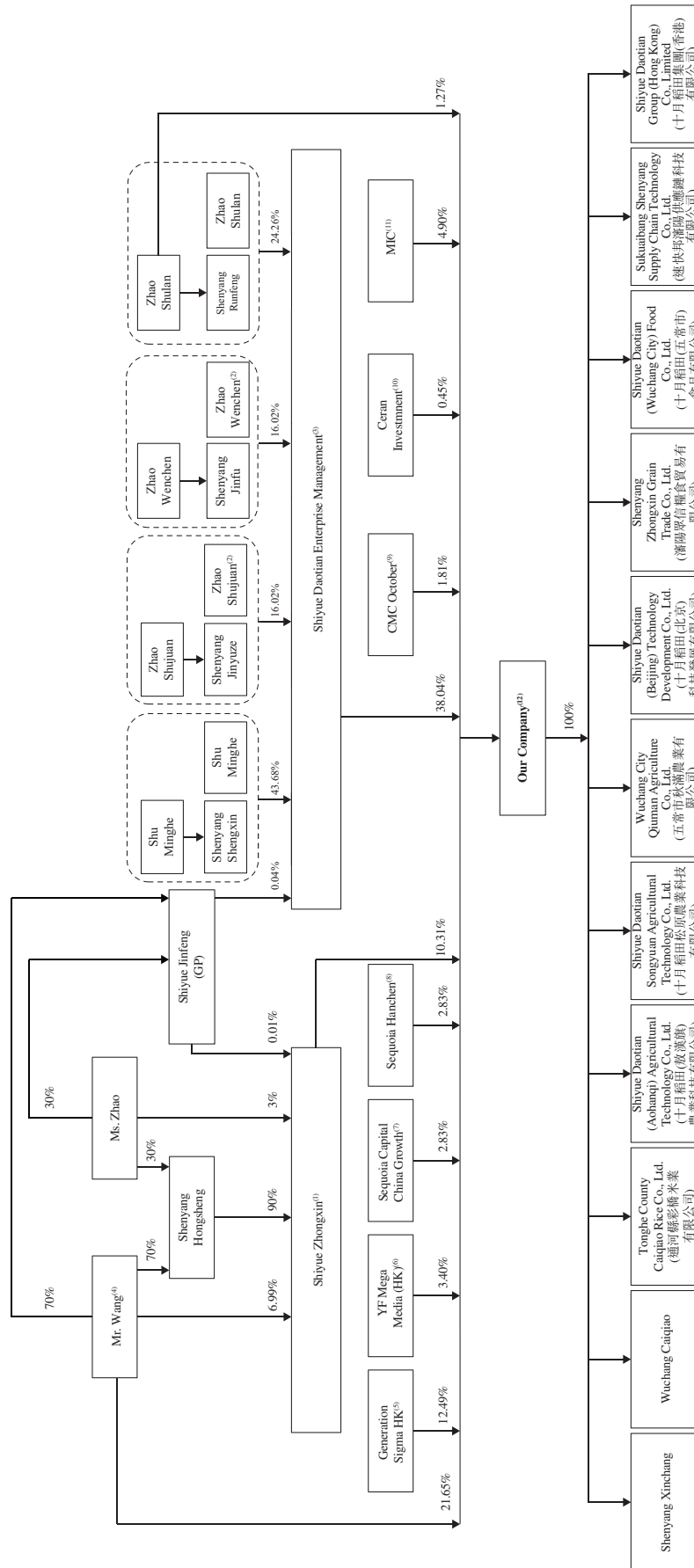
PRC Regulatory Requirements

Our PRC Legal Adviser has confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations with relevant governmental authorities in the PRC with respect to all the aforesaid capital increases and equity transfers in all material respects.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart sets out the shareholding and corporate structure immediately prior to the completion of the [REDACTED]:



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

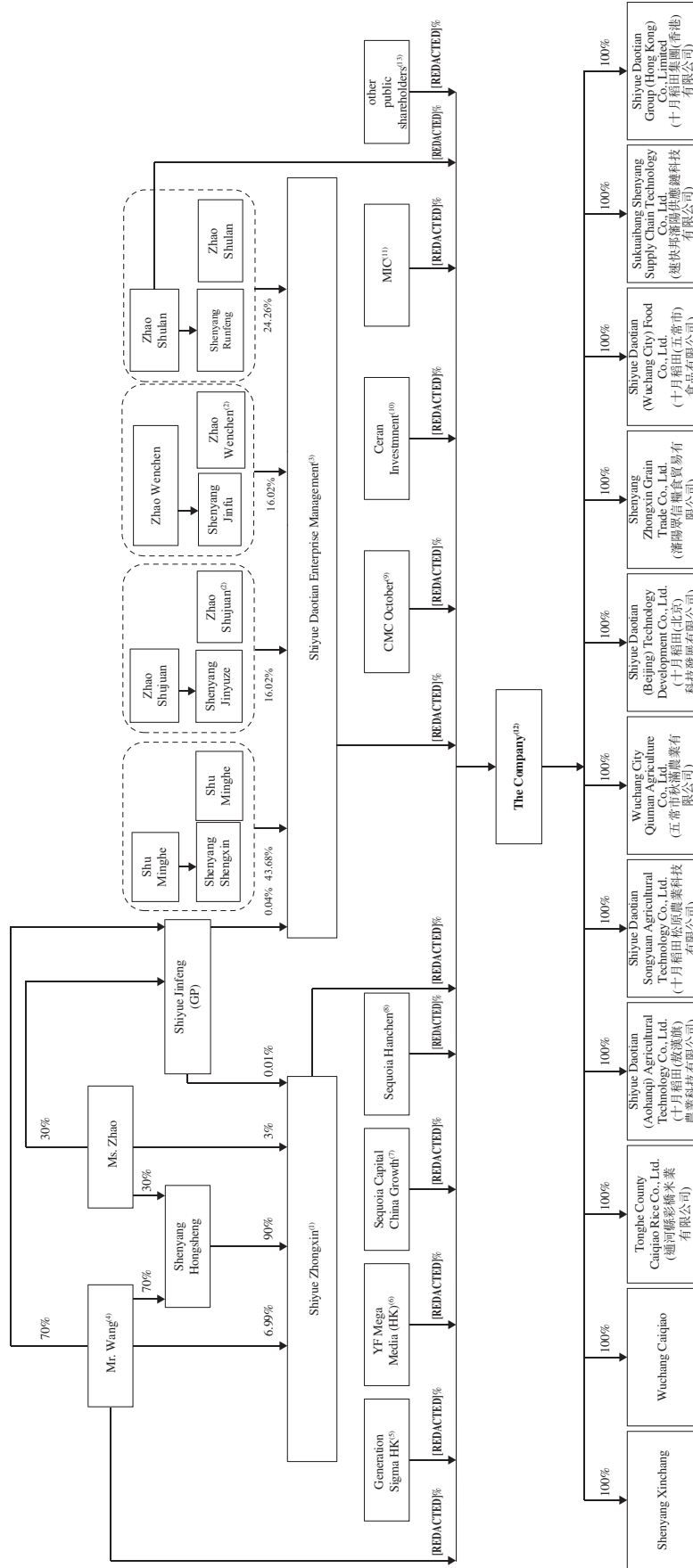
Notes:

- (1) The general partner of Shiyue Zhongxin is Shiyue Jinfeng, which is owned by Mr. Wang and Ms. Zhao as to 70% and 30%, respectively. Shiyue Zhongxin is owned by Mr. Wang, Ms. Zhao, Shiyue Jinfeng and Shenyang Hongsheng as to 6.99%, 3%, 0.01% and 90%, respectively.
- (2) Mr. Zhao Wenchen is a brother of Ms. Zhao, a director and a member of our Controlling Shareholders Group, and Ms. Zhao Shujuan is a sister of Ms. Zhao. As such, Mr. Zhao Wenchen and Ms. Zhao Shujuan are connected persons of the Company.
- (3) The limited partners of Shiyue Daotian Enterprise Management are Mr. Shu Minghe, Ms. Zhao Shulan, Mr. Zhao Wenchen and Ms. Zhao Shujuan (collectively as the “**Individual Limited Partners**”), together with their respective wholly owned subsidiaries Shenyang Shengxin Enterprise Management Consultation Co., Ltd. (瀋陽盛信企業管理諮詢有限公司, wholly owned by Mr. Shu Minghe) (“**Shenyang Shengxin**”), Shenyang Runfeng Enterprise Management Consultation Co., Ltd. (瀋陽潤豐企業管理諮詢有限公司, wholly owned by Ms. Zhao Shulan) (“**Shenyang Runfeng**”), Shenyang Jinfu Enterprise Management Consultation Co., Ltd. (瀋陽金漆企業管理諮詢有限公司, wholly owned by Mr. Zhao Wenchen) (“**Shenyang Jinfu**”) and Shenyang Jinyuze Enterprise Management Consultation Co., Ltd. (瀋陽金雨澤企業管理諮詢有限公司, wholly owned by Ms. Zhao Shujuan) (“**Shenyang Jinyuze**”), holding 4.37%, 2.43%, 1.60%, 1.60%, 39.31%, 21.83%, 14.41% and 14.41% of its partnership interests, respectively. The general partner of Shiyue Daotian Enterprise Management is Shiyue Jinfeng.

The Individual Limited Partners, together with Shenyang Shengxin, Shenyang Runfeng, Shenyang Jinfu and Shenyang Jinyuze (collectively as “**Limited Partners**”) are not regarded as our Controlling Shareholders, considering that: (i) Shiyue Daotian Enterprise Management was established in 2020 in order to streamline the direct shareholding of, and to concentrate the management of the Company by Mr. Wang and Ms. Zhao (the “**Founders**”). Upon establishment of the Shiyue Daotian Enterprise Management, the Individual Limited Partners have all agreed to relinquish the management and their voting rights as limited partners of Shiyue Daotian Enterprise Management, and that the Founders shall exercise the voting rights of Shiyue Daotian Enterprise Management through their controlled entity Shiyue Jinfeng and be responsible for the overall management of the Company through Shiyue Daotian Enterprise Management; (ii) none of the Limited Partners is involved in the management of Shiyue Daotian Enterprise Management, nor are they able to exercise any voting rights at the general meetings of the Company (except for the 1.27% equity interest directly held by Ms. Zhao Shulan). The Limited Partners would only remain as limited partners of Shiyue Daotian Enterprise Management to enjoy economic rights upon establishment of the Shiyue Daotian Enterprise Management; and (iii) each of the Individual Limited Partners has confirmed that, (a) he/she does not hold the equity interest in Shiyue Daotian Enterprise Management for or on behalf of any of our Founders; (b) he/she has no other arrangements or agreements with any of the Founders in relation to his/her shareholding or voting arrangement in Shiyue Daotian Enterprise Management; and (c) he/she has relinquished their voting rights in Shiyue Daotian Enterprise Management and agreed that Shiyue Jinfeng shall exercise the voting rights in Shiyue Daotian Enterprise Management.
- (4) As of the Latest Practicable Date, Mr. Wang directly owned 21.65% of the equity interests of our Company. In addition, Mr. Wang, together with Ms. Zhao, also controlled 48.35% of the voting rights of the Company through Shiyue Daotian Enterprise Management and Shiyue Zhongxin. Therefore, Mr. Wang, together with other members of the Controlling Shareholders Group are able to control 70% of the voting rights of the Company.
- (5)(i) See “History, Development and Corporate Structure – Pre-~~REDACTED~~ Investments” for further details.
- (12) Certain percentage figures have been subject to rounding adjustments.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart illustrate our corporate and shareholding structure immediately after the completion of the [REDACTED] (assuming that the [REDACTED] has not been exercised):



Notes:

(1)-(12): Please refer to the shareholding and corporate structure immediately prior to the completion of the [REDACTED].

(13) The Shares held by these other public shareholders are H Shares, which will be counted towards the public float together with the H Shares held by Generation Sigma HK, YF Mega Media (HK), Sequoia Hanchen, Sequoia Capital China Growth, CMC October, Ceran Investment and MIC upon completion of the [REDACTED].