

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading brand in the EBN product market globally, dedicated to the development, production and marketing of quality modern EBN products. Our history can be traced back to 1997 when Mr. Huang, our founder, chairman and executive Director, started business to sell EBN products in China.

In October 2014, to optimize our corporate structure and introduce external investors, Mr. Huang through Xiamen Suntama and together with Mr. Zheng, our vice chairman and executive Director, Mr. Li, our general manager and executive Director, and certain other shareholders established our Company in the PRC as a limited liability company and named it as Xiamen Yan Palace Biological Engineering Development Co., Ltd. (廈門燕之屋生物工程發展有限公司). In December 2020, for the purpose of our initial [REDACTED] attempt, we were converted from a limited liability company into a joint stock limited liability company in accordance with applicable PRC laws and regulations under the name of Xiamen Yan Palace Bioengineering Co., Ltd. (廈門燕之屋生物工程股份有限公司).

During the Track Record Period, our Company was controlled by Mr. Huang, our founder, chairman and executive Director, Mr. Zheng, our vice chairman and executive Director, and Mr. Li, our general manager and executive Director, through their respective direct shareholding in the Company and Xiamen Suntama (together with Mr. Huang, Mr. Zheng and Mr. Li, collectively, the “Concert Parties”), pursuant to certain acting in concert agreements, and the Concert Parties are our Controlling Shareholders. In addition, Jinyan Tengfei LP (the employee incentive share platform of our Company and its general partner is Mr. Huang) and Ms. Xue (the spouse of Mr. Zheng) are also deemed to be Controlling Shareholders by virtue of their relationship with the Concert Parties pursuant to the Listing Rules. As of the Latest Practicable Date, pursuant to the Listing Rules, approximately 41.40% of the total issued share capital of our Company are owned by the Controlling Shareholders collectively. See “—Concert Party Arrangement,” “Relationship with Our Controlling Shareholders” and “Directors, Supervisors and Senior Management” for more information about their relationship and biographical details.

BUSINESS MILESTONES

The following table sets forth the key business development milestones of our Group:

<u>Year</u>	<u>Milestones</u>
1997	Mr. Huang, our founder, chairman and executive Directors, started business to sell EBN products in China.
2002	Our founder launched the business model of “instant ordering, consuming, stewing and delivery” for instant stewed bird’s nest.
2011	Yan Palace (燕之屋) was recognized as China Well-known Trademark (中國馳名商標) by State Administration for Industry and Commerce of China (國家工商行政管理總局).
2012	Our founder invented and launched “One Nest” (碗燕), a high-end nourishment instant EBN product.
2014	Our Company was established as a limited liability company in Xiamen, and was named as Xiamen Yan Palace Biological Engineering Development Co., Ltd. (廈門燕之屋生物工程發展有限公司).

Our Company took the lead in drafting the “Edible Bird’s Nest Quality Grading,” which became the standard specification for the EBN industry.

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<u>Year</u>	<u>Milestones</u>
2015	<p>Our EBN technology center had officially passed the CNAS laboratory accreditation (registration number: CNAS L8129). Our Company was the first EBN enterprise in China to have the CNAS laboratory accreditation.</p>
2018	<p>Our Company was recognized by the National Urban Agricultural Trade Center Association’s Bird’s Nest Market Professional Committee (全國城市農貿中心聯合會燕窩市場專業委員會) as the most influential brand of 2018.</p>
2019	<p>Our Company was awarded as “Enterprises with Outstanding Contribution in the Food Industry during the 40 Years of Reform and Opening Up in Fujian Province” (福建省改革開放40年食品工業突出貢獻企業) by Fujian Food Industry Association (福建省食品工業協會) and the “First Prize of Fujian Food Industry Science and Technology Progress Award” (福建省食品工業科學技術進步獎一等獎) by Fujian Food Industry Association (福建省食品工業協會).</p> <p>Our Company was recognized as “Fujian Benchmark Company for Edible Bird’s Nest Products” (福建省燕窩及燕窩製品標桿企業) by China Food Industry Association (中國食品工業協會).</p> <p>Two phases of “Yan Palace Guanghe Rural Employment Factory” were opened in Guanghe County, Linxia Prefecture, Gansu Province, the PRC, which provided employment opportunities for local people and support the local development. In 2021, Our Company was awarded the honorary title of “Advanced Group of Fujian Province for Poverty Alleviation” (福建省脫貧攻堅先進集體).</p>
2020	<p>Our Company was converted into a joint stock company with limited liability, and was renamed as Xiamen Yan Palace Bioengineering Co., Ltd. (廈門燕之屋生物工程股份有限公司).</p> <p>Our Company was awarded as “China Food Industry Association Science and Technology Award Grand Prize” (中國食品工業協會科學技術獎特等獎) by China Food Industry Association (中國食品工業協會).</p>
2021	<p>Our Company was recognized as “Fujian Provincial Enterprise Technology Center” (福建省企業技術中心) by Industry and Information Technology of Fujian Province (福建省工業和信息化廳) and Department of Finance, Fujian Provincial Department of Finance (福建省財政廳), and was awarded “2020 Fujian Provincial Science and Technology Progress Award Second Prize” (2020年度福建省科學技術進步獎二等獎) by Fujian Provincial People’s Government (福建省人民政府).</p> <p>The Company and the Indonesian government signed an agreement of intent to purchase bird’s nest (燕窩採購意向協議) in 2022.</p> <p>Our Company was the designated EBN product of the Chinese national fencing team.</p> <p>Our Company was selected into the National Brands Project of Xinhua News Agency.</p>

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<u>Year</u>	<u>Milestones</u>
2022	<p>We were named as one of “the Xiamen Municipal-level Enterprise Technology Centers” (廈門市市級企業技術中心) and the Xiamen Specialized, Refined, Unique, and New Small and Medium-sized Enterprises (“廈門專精特新企業”).</p> <p>Our EBN research project was awarded the “First Prize of the 6th Fujian Provincial Food Industry Science and Technology Progress Award” (第六屆福建省食品工業科學技術進步一等獎).</p> <p>We were recognized as one of the “Top Merchants of the Year” on Taobao Live for the year 2021 (2021年度行業TOP商家), and were awarded the “First Prize for the China Food Industry Association Science and Technology Award for 2021” (中國食品工業協會科學技術獎一等獎證書) and the “2022 Instant Edible Bird’s Nest Gold Award” at the 3rd JD Golden List Annual Offline Awards Ceremony. (京東金榜年度線下頒獎典禮-2022年即食燕窩金獎).</p> <p>Our factory became a “Green Factory” in the provincial level as recognized by Fujian Provincial Department of Industry and Information Technology (福建省工業和信息化廳).</p>

OUR CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING MOVEMENT DURING THE TRACK RECORD PERIOD

The following sets forth the corporate history and major shareholding movements of our Company during the Track Record Period.

Early History and Establishment of Our Company

Our history can be traced back to 1997 when Mr. Huang, our founder, chairman and executive Directors, started business to sell EBN products in China. In 2002, our founder launched the business model of “instant stewed” EBN soup product in the market in China. In 2012, our founder invented and launched the revolutionary bowl-shape-canned EBN soup products series and was one of the first in the market with the capability of achieving industrial mass production of EBN soup products.

In 2014, to optimize the corporate structure and introduce external [REDACTED], Mr. Huang, our founder, chairman and executive Director, together with Mr. Zheng, our vice chairman and executive Director, and Mr. Li, our general manager and executive Director, and certain early investors established our Company as a limited liability company on October 31, 2014 and named it as Xiamen Yan Palace Biological Engineering Development Co., Ltd. (廈門燕之屋生物工程發展有限公司). Our initial registered capital was RMB66,666,668 and was collectively owned as to 94.84% by Mr. Huang, Mr. Zheng and Mr. Li through themselves and Xiamen Suntama, and as to 1.72%, 1.72% and 1.72% by LIU Zhen, our non-executive Director, ZENG Huanrong, an independent third party, and Beijing Bokai Huarui Trading Co., Ltd. (北京博凱華瑞商貿有限公司), an independent third party, respectively.

To strengthen the control and management over the Group, Mr. Huang, Mr. Zheng, Xiamen Suntama and Mr. Li have entered into certain acting in concert arrangement since December 2016 and have remained control of 30% or more of our issued share capital since then. See “—Concert Party Arrangement” and “Relationship with Our Controlling Shareholders” for more information.

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[REDACTED] Investments

Since 2014, several external [REDACTED] in our Company as [REDACTED] to facilitate the business development of our Company. See “[REDACTED] Investments” for more information.

Conversion into Joint Stock Company with Limited Liability

For the purpose of our proposed initial [REDACTED], on December 10, 2020, all of the then 19 shareholders of our Company resolved at a shareholders’ general meeting to approve the conversion of our Company into a joint stock company with limited liability. According to the capital verification report prepared by an Independent Third Party auditor, the total net asset value of our Company as of October 31, 2020 was RMB175.05 million, of which (i) RMB83.33 million was converted to Shares with par value of RMB1.0 per Share; and (ii) the remaining amount of approximately RMB91.72 million was converted into capital reserve. The conversion was completed on December 23, 2020 and we were renamed as Xiamen Yan Palace Biologicalengineering Co., Ltd. (廈門燕之屋生物工程股份有限公司). Immediately upon completion of the said conversion, the registered capital of our Company was RMB83.33 million divided into 83,333,336 Shares with nominal value of RMB1.0 per Share, which were subscribed by all our then Shareholders in proportion to their respective equity interests in our Company before the conversion, details of which as follows:

Name of Shareholder	Number of Shares with nominal value of RMB1.0 each held by shareholders	Shareholding Percentage (%)
<i>Concert Parties and Controlling Shareholders</i>		
Xiamen Suntama ⁽¹⁾	18,357,112	22.03
Mr. Zheng	6,595,731	7.91
Mr. Li	6,590,952	7.91
<i>Other shareholders⁽²⁾</i>		
Guangyao Tianxiang LP	12,000,000	14.40
Xiamen Jinyanlai LP	8,333,334	10.00
Hongyan Investment LP	7,771,492	9.33
FU Yu (付煜)	6,595,731	7.91
Yangming Kangyi LP	3,333,333	4.00
ZENG Huanrong (曾煥容)	3,129,333	3.76
LIU Zhen (劉震)	2,404,095	2.88
HUANG Jincheng (黃進成)	2,250,000	2.70
HUANG Wenxiao (黃文小)	1,666,667	2.00
SHI Tao (師濤)	1,041,667	1.25
Torch Investment	833,333	1.00
Tianyi Tongchuang LP	833,333	1.00
Jinjun Hongyan LP	555,556	0.67
ZHANG Qing (張青)	416,667	0.50
WU Junjie (吳俊傑)	416,667	0.50
XIAO Wen (肖雯)	208,333	0.25
Total	83,333,336	100%

(1) Xiamen Suntama is controlled by Mr. Huang.

(2) See notes to the chart in “—Corporate Structure” section for details of such shareholders.

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Registered Capital Increase in December 2020 and June 2021

In December 2020 and June 2021, our Company issued 1,641,664 new Shares with nominal value of RMB1.0 each and 1,725,000 new Shares with nominal value of RMB1.0 each to Jinyan Tengfei LP, an employee incentive platform of our Group, and Ms. XUE Fengying, the spouse of Mr. Zheng, respectively. The consideration was RMB12 per Share, which was determined after arm’s length negotiations taking into account the contributions of such employees to our Group and the valuation of our Company. After the new issuance, the registered capital of our Company was increased to RMB84.98 million and RMB86.70 million, respectively.

Share Subdivision

On [●], our Company subdivided its Share from one Share of RMB1.0 each into five Shares of RMB[0.2] each. After the Share Subdivision, the number of our issued Shares was 433,500,000.

See “—Corporate Structure” for details of the shareholding structure of our Company immediately prior to the [REDACTED].

CONCERT PARTY ARRANGEMENT

On December 29, 2016 and December 23, 2020, to strengthen the control and management over the Group, Mr. Huang, Mr. Zheng and Mr. Li, who are our executive Directors, through themselves and Xiamen Suntama, entered into acting in concert agreements (the “Concert Party Agreements”). Pursuant to the Concert Party Agreements, the Concert Parties have agreed to act in concert with each other in respect of the decision making at the Board meeting level and Shareholders meeting level since December 29, 2016, and agreed further on December 23, 2020 that if the Concert Parties have disagreements, the Concert Parties will cast vote on such issues and shall act in accordance with the direction of the Concert Party or Concert Parties with more than two-thirds of the total number of voting rights held by the Concert Parties. The acting in concert arrangement under the Concert Party Agreements will continue until the expiry of 36 months after the [REDACTED] and will be automatically renewed for five years each time after the expiry date unless any of the party to such Concert Party Agreements terminates it in writing. The Concert Parties are our Controlling Shareholders. In addition, Jinyan Tengfei LP (the employee incentive share platform of our Company and its general partner is Mr. Huang) and Ms. Xue (the spouse of Mr. Zheng) are also deemed to be our Controlling Shareholders by virtue of their relationship with the Concert Parties pursuant to the Listing Rules. As of the Latest Practicable Date, pursuant to the Listing Rules, the Controlling Shareholders collectively owned approximately 41.40% of the total issued share capital of our Company, comprising (1) 37.52% of the equity interest of our Company directly held by the Concert Parties; (2) 1.89% of the equity interest of our Company held by Jinyan Tengfei LP; and (3) 1.99% of the equity interest of our Company held by Ms. Xue. See “Relationship with Our Controlling Shareholders” for more information.

EMPLOYEE INCENTIVE SCHEME

We have adopted an employee incentive scheme on December 26, 2020 (the “Employee Incentive Scheme”), as amended, to attract and retain talents for our Group, and foster shared interests between Shareholders and our management team. In connection with the Employee Incentive Scheme, Jinyan Tengfei LP has been established in the PRC as our employee incentive platform which has subscribed for 1,641,664 Shares at the consideration of RMB12 per Share. The general partner of Jinyan Tengfei LP is Mr. Huang, our founder, chairman and executive Director, and its limited partners are grantees under the Employee Incentive Scheme including Directors, Supervisors, senior management and other employees of our Group who subscribed for the limited partnership interests in Jinyan Tengfei LP. All the Shares are subject to certain transfer and disposal restrictions. See “Statutory and General Information—C. Further Information about Our Directors, Supervisors and Substantial Shareholders—6. Employee Incentive Scheme” in Appendix VI to this document for details of the Employee Incentive Scheme.

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MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period, we completed the following major acquisitions, disposals and mergers:

Acquisitions of Beijing Tianfeiyuan, Changchun Jinyanhui and Harbin Jinyanhui

On June 21, 2021, we entered into the share purchase agreement with Qingdao Paris Shengyan Enterprise Management Partnership (Limited Partnership) (青島巴黎盛宴企業管理合夥企業(有限合夥)) (“Paris Shengyan”) and Beijing Tianfeiyuan, pursuant to which, we agreed to acquire 55% of the equity interests in Beijing Tianfeiyuan held by Paris Shengyan at a consideration of RMB32.67 million in cash. The consideration was determined based on arms-length negotiation with reference to the valuation of such company conducted by an Independent Third Party valuer. The acquisition was completed on June 29, 2021, after which, Beijing Tianfeiyuan has become a non-wholly owned subsidiary of our Company and was owned as to 55% by our Company and 45% by Qingdao Zhenpindao Enterprise Management Partnership (Limited Partnership) (青島珍品道企業管理合夥企業(有限合夥)), which is an employee shareholding platform of Beijing Tianfeiyuan and is controlled by the employees of Beijing Tianfeiyuan.

On June 21, 2021, we entered into the share purchase agreement with Paris Shengyan and Changchun Jinyanhui, pursuant to which, we agreed to acquire 55% of the equity interests in Changchun Jinyanhui held by Paris Shengyan at a consideration of RMB16.06 million in cash. The consideration was determined based on arms-length negotiation with reference to the valuation of such company conducted by an Independent Third Party valuer. The acquisition was completed on June 29, 2021, after which, Changchun Jinyanhui has become a non-wholly owned subsidiary of our Company and is owned as to 55% by our Company and 45% by Qingdao Pintianxia Enterprise Management Partnership (Limited Partnership) (青島品天下企業管理合夥企業(有限合夥)), which is an employee shareholding platform of Changchun Jinyanhui and is controlled by the employees of Changchun Jinyanhui.

On June 21, 2021, we entered into the share purchase agreement with Paris Shengyan and Harbin Jinyanhui, pursuant to which, we agreed to acquire 55% of the equity interests in Harbin Jinyanhui held by Paris Shengyan at a consideration of RMB18.37 million in cash. The consideration was determined based on arms-length negotiation with reference to the valuation of such company conducted by an Independent Third Party valuer. The acquisition was completed on June 22, 2021, after which, Harbin Jinyanhui has become a non-wholly owned subsidiary of our Company and is owned as to 55% by our Company and 45% by Qingdao Tonggelin Enterprise Management Partnership (Limited Partnership) (青島桐格林企業管理合夥企業(有限合夥)), which is an employee shareholding platform of Harbin Jinyanhui and is controlled by the employees of Harbin Jinyanhui.

Prior to such acquisitions, Paris Shengyan was then controlled by Ms. Xue, the spouse of Mr. Zheng, our vice chairman and executive Director, which held all the selling channels that were controlled by Mr. Zheng, and the acquired companies were engaged in the business of purchasing and selling EBN products of our Group. In light of the good historical performance of such companies and to reduce the related parties transactions and consolidating our direct selling channels, we acquired them as our subsidiaries. To ensure a due process for acquisition of such companies, we engaged an Independent Third Party valuer to evaluate the relevant target companies for determination on the consideration for such acquisitions, and Mr. Zheng, as the spouse of Ms. Xue, abstained from voting in the shareholders meeting of our Company for approving such acquisitions.

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Acquisition of Taiyuan Jixiangyan

On August 9, 2021, we entered into the share purchase agreement with Qingdao Junyuequan Enterprise Management Partnership (Limited Partnership) (青島君月泉企業管理合夥企業(有限合夥)) (“Qingdao Junyuequan”) and Taiyuan Jixiangyan, pursuant to which, we agreed to acquire 55% of the equity interests in Taiyuan Jixiangyan at a consideration of RMB12.54 million in cash. The consideration was determined based on arms-length negotiation with reference to the valuation of such company conducted by an independent third party valuer. The acquisition was completed on September 10, 2021, after which, Taiyuan Jixiangyan has become a non-wholly owned subsidiary of our Company and is owned as to 55% by our Company and 45% by Shanxi Yanwulongcheng Enterprise Management Limited Partnership (山西燕舞龍城企業管理合夥企業(有限合夥)), which is a shareholding platform of employees and then existing shareholders of Taiyuan Jixiangyan and is controlled by the employees of and the external investors of Taiyuan Jixiangyan.

Prior to such acquisition, Qingdao Junyuequan was then controlled by Mr. Li, our general manager and executive Director, which held all the selling channels that were controlled by Mr. Li, and the acquired company was engaged in the business of purchasing and selling EBN products of our Group. In light of the good historical performance of such company and to reduce the related parties transactions and consolidating our direct selling channels, we acquired such company as our subsidiary. To ensure a due process for acquisition of such company, we engaged an independent third party valuer to evaluate the relevant target company for determination on the consideration for such acquisition, and Mr. Li was abstained from voting in the shareholders meeting of our Company for approving such acquisition.

Our PRC legal adviser has confirmed that as of the Latest Practicable Date, we have obtained all necessary approvals from relevant authorities for the aforementioned major acquisitions, and the aforementioned major acquisitions have been legally completed in all material respects.

None of the aforementioned acquisitions individually or collectively constitute a major acquisition under Rule 4.05A of the Listing Rules. During the Track Record Period and until the Latest Practicable Date, except as otherwise disclosed above and in this section, we did not conduct any other acquisitions, disposals or mergers that we consider to be material to us.

PRINCIPAL SUBSIDIARIES OF OUR COMPANY

Set forth below is our principal subsidiaries which made material contributions to our financial results during the Track Record Period:

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation</u>	<u>Shareholding Percentage</u>	<u>Principal business activities</u>
Yan Sinong	PRC	November 23, 2007	(%) 100	Producing EBN products
Yan E-Commerce	PRC	May 6, 2020	100	Sales of EBN products

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[REDACTED] INVESTMENTS

Since 2014, with confidence in our business development and management, many investors invested in our Company, details of which are set forth below:

Particulars and Principal Terms of the [REDACTED] Investments

Particulars and principal terms of the [REDACTED] investments are set forth below:

Name of [REDACTED] Investors	Date of initial share purchase agreement	Settlement Date	Approximate % of equity interests of our Company subscribed by the investor	Approximate amount of consideration paid (in RMB million)	Cost per Share with nominal value of RMB0.2 each ⁽¹⁾	Discount to the [REDACTED] ⁽²⁾
ZENG Huanrong (曾煥容), LIU Zhen (劉震) and Beijing Bokai Huarui Trading Co., Ltd. (北京博凱華瑞商貿有限公司) ⁽⁴⁾ . . .	October 31, 2014 and November 13, 2014	November 21, 2014	1.72%, 1.72% and 1.72%	1.15, 1.15 and 1.15	RMB0.20	[REDACTED]
FU Yu (付煜) ⁽⁴⁾⁽⁹⁾	October 31, 2014 and November 13, 2014	October 29, 2020	8.29%	5.52	RMB0.20	[REDACTED]
Guangyao Tianxiang Company ⁽³⁾⁽⁷⁾	December 1, 2014	December 1, 2014	10.00%	15.00	RMB0.45	[REDACTED]
HUANG Jincheng (黃進成) ⁽³⁾	December 28, 2014	October 27, 2020 ⁽¹¹⁾	3.00%	6.00	RMB0.60	[REDACTED]
Hongyan Investment LP (弘燕投資) ⁽³⁾	December 11, 2014 and February 25, 2015	May 18, 2015	9.76%	19.51	RMB0.60	[REDACTED]
Guangyao Tianxiang Company ⁽³⁾⁽⁷⁾	April 3, 2015	April 21, 2015	6.00%	13.50	RMB0.676	[REDACTED]
ZENG Huanrong ⁽⁵⁾	June 8, 2015	June 8, 2015	1.72%	4.70	RMB0.818	[REDACTED]
Xiamen Jinyanlai LP ⁽⁴⁾	March 2, 2016	March 2, 2016	10.00%	30.00	RMB0.806	[REDACTED]
Yangming Kangyi LP ⁽³⁾	August 1, 2016	November 21, 2016	7.50%	29.38	RMB1.058	[REDACTED]
HUANG Jincheng ⁽³⁾	November 16, 2016	October 27, 2020 ⁽¹¹⁾	0.34%	1.35	RMB1.08	[REDACTED]
Guangyao Tianxiang LP, Fu Yu, Hongyan Investment LP, LIU Zhen, Xiamen Jinyanlai LP, Yangming Kangyi LP and Jinjun Hongyan LP ⁽⁴⁾⁽⁹⁾⁽¹³⁾	October 28, 2016	November 1, 2016, October 29, 2020 ⁽¹¹⁾ , November 3, 2016, December 14, 2016, December 20, 2016, October 31, 2016 and October 26, 2018 ⁽¹¹⁾	1.60%, 4.17%, 1.52%, 1.51%, 1.10%, 0.80% and 0.70%	7.20, 5.80, 6.84, 6.80, 5.00, 3.75 and 3.00	RMB1.08	[REDACTED]

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Name of [REDACTED] Investors	Date of initial share purchase agreement	Settlement Date	Approximate % of equity interests of our Company subscribed by the investor	Approximate amount of consideration paid (in RMB million)	Cost per Share with nominal value of RMB0.2 each ⁽¹⁾	Discount to the [REDACTED] ⁽²⁾
HUANG Wenxiao (黃文小) ⁽³⁾⁽¹²⁾	January 18, 2017	October 27, 2020 ⁽¹¹⁾	2.00%	10.00	RMB1.20	[REDACTED]
Torch Investment ⁽³⁾	October 16, 2020	October 16, 2020	1.00%	10.00	RMB2.40	[REDACTED]
ZENG Huanrong (曾煥容), SHI Tao (師濤), WU Junjie (吳俊傑), ZHANG Qing (張青), XIAO Wen (肖雯) ⁽⁶⁾⁽¹⁰⁾	October 27, 2020	November 6, 2020, October 27, 2020, October 28, 2020, October 28, 2020 and October 27, 2020	1.00%, 1.25%, 0.50%, 0.50% and 0.25%	18.00, 22.50, 9.00, 9.00 and 4.50	RMB4.32	[REDACTED]
Tianyi Tongchuang LP and Tianyi Runli LP ⁽³⁾⁽⁸⁾	October 21, 2020 and May 12, 2023	October 23, 2020 and May 12, 2023	1.00%	18.00	RMB4.32	[REDACTED]

- (1) For comparison purposes, the cost per Share is presented with the assumption that the Share Subdivision was completed at that time.
- (2) Calculated on the basis of the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED], and the exchange rate in this document.
- (3) The investment was made by such investor by way of acquisition of the relevant Shares owned by Xiamen Suntama.
- (4) The investment was made by such investor by way of subscription of new Shares.
- (5) The investment was made by such investor by way of acquisition of the relevant Shares owned by Beijing Bokai Huarui Trading Co., Ltd. (北京博凱華瑞商貿有限公司), a previous [REDACTED] and independent third party, which has ceased to our shareholder after such share transfer.
- (6) The investment was made by such investor by way of acquisition of the relevant Shares owned by Yangming Kangyi LP, a [REDACTED].
- (7) In December 2014 and April 2015, Guangyao Tianxiang Co., Ltd (廈門光耀天祥投資有限公司) (“Guangyao Tianxiang Company”) acquired an aggregate of 16.0% equity interests of our Company at the consideration of RMB28.5 million in total. In July 2016, Guangyao Tianxiang Company ceased to be our shareholder and transferred all the equity interests in our Company to Guangyao Tianxiang LP, its controlled entity, at the consideration of RMB10.667 million. Since then, Guangyao Tianxiang LP has become our Shareholder holding such interests.
- (8) In October 2020, Tianyi Tongchuang LP acquired 1% equity interests of our Company at the consideration of RMB18.0 million. In May 2023, Tianyi Tongchuang LP ceased to be our shareholder and transferred all its equity interest in our Company to Tianyi Runli LP, its associated entity at the consideration of RMB18.0 million. Since then, Tianyi Runli LP has become our Shareholder holding such interests.
- (9) In October 2022, FU Yu transferred all his equity interests to HU Qiaohong, his spouse at the consideration of approximately RMB21.0 million. Since then, HU Qiaohong has become our Shareholder holding such interests.
- (10) In December 2022, Mr. Zheng, Mr. Li, Mr. CHEN Zhigao and Ms. XIONG Ting acquired from XIAO Wen 0.0679%, 0.0679%, 0.0522% and 0.0522% equity interests of our Company at the consideration of RMB1.3 million, RMB1.3 million, RMB1.0 million and RMB1.0 million, respectively. The consideration was determined after arm’s length negotiations taking into account the valuation of our Company at that time.
- (11) Shares of the relevant investors were held by their respective nominee shareholders at the time of subscription/acquisition for convenience, which was fully restored at the date of settlement as disclosed above.
- (12) In March 2023, Mr. Huang acquired from HUANG Wenxiao 1.0% equity interest of our Company at the consideration of RMB18.0 million, respectively. The consideration was determined after arm’s length negotiations taking into account the valuation of our Company at that time.
- (13) In October 2018, Fujian Jinjun Venture Investment Co., Ltd. (福建金駿創業投資有限公司) ceased to be our shareholders and transferred all its equity interests in our Company to Jinjun Hongyan LP at the consideration of RMB3.0 million. Since then, Jinjun Hongyan LP has become our Shareholder.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Basis for Determination of Consideration

The consideration of the [REDACTED] investments was determined based on arm’s length negotiation between our Company or the seller and the [REDACTED] Investors with reference to the business performance of our Company in the previous year, the previous round of valuation of our Company, market value of comparable companies and estimated business performance of our Company.

[REDACTED] from the [REDACTED] Investments

The [REDACTED] from the [REDACTED] Investments received by our Company have been fully utilized for, among others, the development and operation of our business, including but not limited to recruitment, new business development, technology development and administrative and marketing expenses.

Special Rights of the [REDACTED]

Our Company, Guangyao Tianxiang LP, Hongyan Investment LP, Yangming Kangyi LP, and Torch Investment and Tianyi Tongchuang LP have entered into certain shareholders agreements respectively (collectively, the “[REDACTED] Investments Documents”). Pursuant to the [REDACTED] Investments Documents, such [REDACTED] Investors were granted certain special rights in relation to our Company, including, among others, (a) right of participation, (b) share transfer restrictions, (c) right of co-sale, (d) redemption right of our Company (the “Redemption Right”) and (e) right of first refusal.

In anticipation of the [REDACTED], certain waiver and termination agreements dated as of December 17, 2020, December 21, 2020, September 9, 2022, April 23, 2023 and May 12, 2023 were entered into by relevant parties respectively, pursuant to which, among others, the relevant [REDACTED] Investors irrevocably and unconditionally agrees that all the special rights under the [REDACTED] Investments Documents (including the Redemption Right and any other divestment rights granted to the [REDACTED] Investors) shall be terminated from the effective date of the respective termination agreements.

[REDACTED] Period

Pursuant to the PRC Company Law, within the 12 months following the [REDACTED], Shares issued by the Company prior to the [REDACTED] (including those held by the [REDACTED] Investors at the time of the [REDACTED]) are restricted from [REDACTED].

Information about the existing [REDACTED] Investors

The following sets forth background information of our existing [REDACTED] Investors:

Guangyao Tianxiang LP and LIU Zhen

Guangyao Tianxiang LP is a limited partnership established in the PRC, and is principally engaged in equity investment. The general partner of Guangyao Tianxiang LP is Guangyao Tianxiang Company, which is owned as to 80% by LIU Zhen, our non-executive Director, and 20% by ZHENG Feng (鄭峰), our Supervisor.

Hongyan Investment LP

Hongyan Investment LP is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The general partner of Hongyan Investment LP is Beijing Yanshi Investment Management Center (Limited Partnership) (北京焰石投資管理中心(有限合伙)) (“Beijing Yanshi”). The general partner of Beijing Yanshi is YANG Lei (楊磊), the brother-in-law of WANG Yalong (王亞龍), our non-executive Director.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Yangming Kangyi LP and Jinjun Hongyan LP

Yangming Kangyi LP is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. Jinjun Hongyan LP is a limited partnership established in the PRC, and is principally engaged in equity investment.

Fujian Yangming Venture Capital Co., Ltd. (福建陽明創業投資有限公司) (“Yangming Venture”) is the general partner of both of Yangming Kangyi LP and Jinjun Hongyan LP, which is owned as to 51% by ZHAO Chaoming (趙朝明), an independent third party, and 49% by GONG Yangfan (鞏陽凡), an independent third party.

Xiamen Jinyanlai LP

Xiamen Jinyanlai LP is a limited partnership established in the PRC, and is principally engaged in equity investment. The general partner of Xiamen Jinyanlai LP is WANG Junjie (王俊傑), an independent third party, and its limited partners are individuals who are independent third parties except for the following: (i) DU Yanjun (都艷君), the spouse of Mr. Li, (ii) ZHENG Yunfeng (鄭雲峰), the nephew of Mr. Zheng; (iii) DU Xiaoqiao (杜肖俏), the general manager of a wholly owned subsidiary of our Company; and (iv) YANG Gequn (楊歌群), the substantial shareholder of a non-wholly subsidiary of our Company.

Torch Investment

Torch Investment is a limited company established in the PRC. The principal business of Torch Investment is equity investment. Torch Investment is owned as to 75.4% by Xiamen Torch Group Co., Ltd. (廈門火炬集團有限公司) (“Torch Group”), an independent third party, and 24.6% by CDB Development Fund Co., Ltd. (國開發基金有限公司) (“CDB Development”), an independent third party. Torch Group is a wholly owned subsidiary of Xiamen Municipal People’s Government State-owned Assets Supervision and Administration Commission (廈門市人民政府國有資產監督管理委員會) and CDB Development is a wholly owned subsidiary of China Development Bank (國家開發銀行).

Tianyi Runli LP

Tianyi Runli LP is a limited partnership established in the PRC, and is a private equity investment fund principally engaged in equity investment. The general partner of Tianyi Runli LP is Tianshi Chuangxin (Fujian) Venture Investment Co., Ltd. (天時創新(福建)創業投資有限公司), which is ultimately controlled by ZHOU Guiliang (周桂良), an independent third party.

Other Individual Investors

Each of HUANG Jincheng, HUANG Wenxiao, ZENG Huanrong, SHI Tao, WU Junjie, ZHANG Qing and HU Qiaohong is an individual investor. All the individuals are independent third parties.

Public Float

To the best of the Directors’ knowledge, among all the [REDACTED] Investors and existing Shareholders, the following shareholders are not core connected persons of our Company: Xiamen Jinyanlai LP, Yangming Kangyi LP, ZENG Huanrong, HUANG Jincheng, Torch Investment, Tianyi Runli LP, Jinjun Hongyan LP, HUANG Wenxiao, ZHANG Qing, WU Junjie, HU Qiaohong, SHI Tao, CHEN Zhigao and XIONG Ting, which holds [REDACTED] Shares with nominal value of RMB[0.2] each in total, representing [REDACTED]% of the total issued Shares of our Company upon the completion of the [REDACTED] and assuming no exercise of the [REDACTED]. Among such Shares, [REDACTED] Shares with nominal value of RMB[0.2] each will be [REDACTED] into H Shares upon the completion of the [REDACTED]. See note 12 to “—our corporate structure immediately following the [REDACTED]” for details. As a result, taking into account of such [REDACTED] Shares and the [REDACTED] to be issued for the [REDACTED], an aggregate of [REDACTED] H Shares will count towards the public float of our Company upon the completion of the [REDACTED], representing [REDACTED]% of the total issued Shares of our Company upon the completion of the [REDACTED] and assuming no exercise of the [REDACTED].

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Joint Sponsors’ Confirmation

On the basis that (i) the consideration for [REDACTED] investments was settled more than 28 clear days before the date of first submission of the [REDACTED] application to the Stock Exchange or no less than 120 clear days before the [REDACTED]; and (ii) the special rights granted to the [REDACTED] Investors had been suspended or terminated prior to the submission of the application for the [REDACTED] and/or will be terminated upon completion of the [REDACTED], in compliance with Guidance Letter HKEX-GL43-12, the Joint Sponsors confirm that the [REDACTED] Investments are in compliance with Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012 and updated in March 2017, Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and in March 2017 and Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017.

PREVIOUS A-SHARE [REDACTED] ATTEMPTS AND REASONS FOR THE [REDACTED]

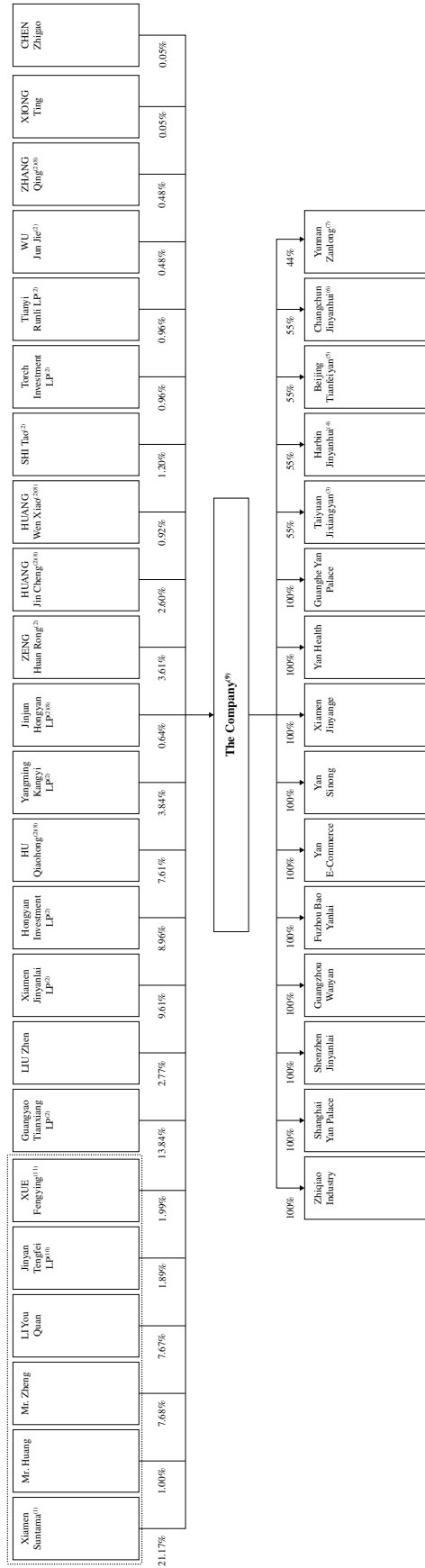
In December 2021, we filed with the CSRC, and it accepted, our application for A share [REDACTED]. In September 2022, in light of the uncertainty of the overall vetting process, we decided to voluntarily withdraw our A share [REDACTED] application. In November 2022, after discussing with our shareholders and taking into account the then market conditions, we decided to restart our A share [REDACTED] application preparation process and filed with the Xiamen Office of the CSRC (中國證券監督管理委員會廈門監管局) filing materials for the pre-[REDACTED] tutoring in preparation for our A share [REDACTED] application, which had been accepted. However, the overall A share vetting process continued to be uncertain, and considering our future business development plan and a [REDACTED] on the Stock Exchange would provide our Company with an international platform to gain access to foreign capital and to promote the Group to overseas [REDACTED], we decided to seek a [REDACTED] of our [REDACTED] to expedite our [REDACTED] plan in early 2023 and had withdrawn our [REDACTED] tutoring filing as of the date of this document.

To the best of Our Directors’ knowledge, save as disclosed in the document, our Directors are not aware of (1) any other matters relating to the previous A Share [REDACTED] attempts that are relevant to the [REDACTED] and should be reasonably highlighted in this document for [REDACTED] to form an informed assessment of our Company; (2) any enquiries from the CSRC relating to the previous A share [REDACTED] attempts that would affect our Company’s suitability for [REDACTED] on the Stock Exchange; (3) any other matters relating to the previous A share [REDACTED] attempts that may have implications on our Company’s suitability for [REDACTED] on the Stock Exchange or on the truthfulness, accuracy and completeness of information disclosed in this document; and (4) any other matters that need to be brought to the attention of the Stock Exchange and [REDACTED] in Hong Kong in relation to the previous A share [REDACTED] attempts.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately prior to the completion of the [REDACTED]:



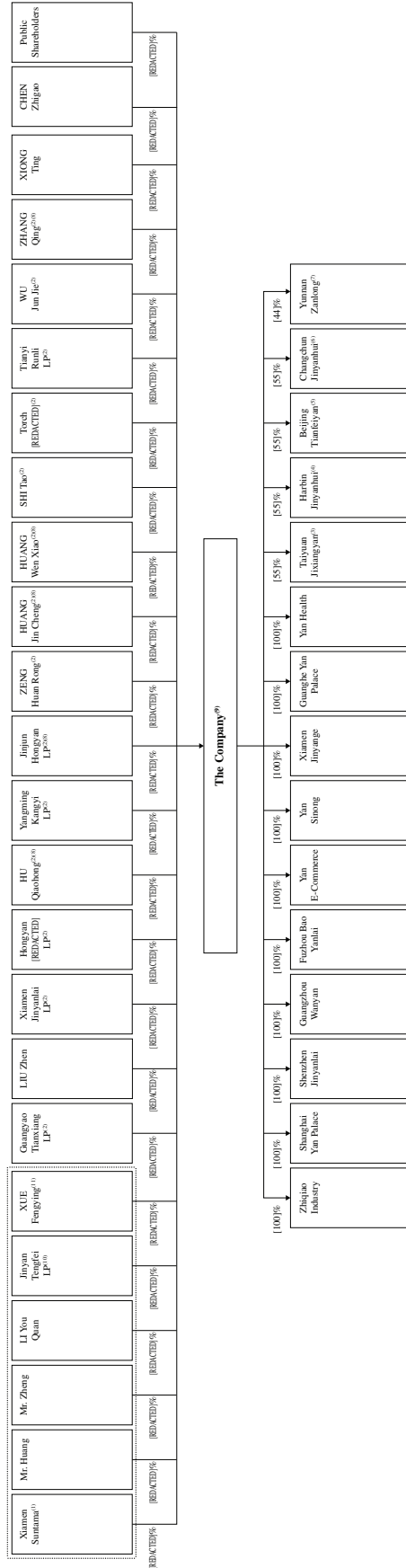
Notes:

- As of the Latest Practicable Date, Mr. Huang, our founder, chairman and our executive Directors, and HUANG Junhao (黃俊豪), the son of Mr. Huang, held 90% and 10% of the shareholding of Xiamen Sunlamb, respectively.
- See “[REDACTED] Investment—Information about the Existing [REDACTED] Investors” for more information.
- Shanxi Yanwu Longcheng Enterprise Management Partnership (Limited Partnership) (山西燕舞龍城企業管理合夥企業(有限合夥)) held 45% of the shareholding of Taiyuan Jixiangyan. The sole general partner of Shanxi Yanwu Longcheng Enterprise Management Partnership (Limited Partnership) (山西燕舞龍城企業管理合夥企業(有限合夥)) is an independent third party.
- Qingdao Tonggelin Enterprise Management Partnership (Limited Partnership) (青島桐格林企業管理合夥企業(有限合夥)) held 45% of the shareholding of Harbin Jinyanhui. The sole general partner of Qingdao Tonggelin Enterprise Management Partnership (Limited Partnership) (青島桐格林企業管理合夥企業(有限合夥)) is an independent third party.
- Qingdao Zhenpindao Enterprise Management Partnership (Limited Partnership) (青島珍品道企業管理合夥企業(有限合夥)) held 45% of the shareholding of Beijing Tianfeiyuan. The sole general partner of Qingdao Zhenpindao Enterprise Management Partnership (Limited Partnership) (青島珍品道企業管理合夥企業(有限合夥)) is an independent third party.
- Qingdao Pintianxia Enterprise Management Partnership (Limited Partnership) (青島品天下企業管理合夥企業(有限合夥)) held 45% of the shareholding of Beijing Tianfeiyuan. The sole general partner of Qingdao Pintianxia Enterprise Management Partnership (Limited Partnership) (青島品天下企業管理合夥企業(有限合夥)) is an independent third party.
- Mao Min (毛敏), Song Changhong (宋長宏) and Yang Gequn (楊歌群) held approximately 20.92%, 20.08% and 15.00% of the shareholding of Yunnan Zantong, respectively. Apart from the shareholdings relating to Yunnan Zantong, all of them are Independent Third Parties.
- There were historically nominee shareholding arrangements in respect of the relevant shareholdings. As of the Latest Practicable Date, these nominee shareholding arrangements had been terminated.
- As of the Latest Practicable Date, in addition to the subsidiaries listed in the table above, which are the level I subsidiaries directly held by our Company, our Company also has (A) 13 wholly owned subsidiaries, which are our indirectly-held subsidiaries. The shareholding structures of such subsidiaries are as follows: (a) Yan E-Commerce held 100% of the shareholding of (i) Xiamen Yan Palace Cultural Gift Co., Ltd. (廈門燕之屋文化禮品有限公司) and (ii) Xiamen Yan Palace Technology Development Co., Ltd. (廈門燕之屋科技開發有限公司) (formerly known as Xiamen Yan Palace E-Commerce Technology Co., Ltd. (廈門燕之屋吉至電子商務科技有限公司)); (b) Beijing Tianfeiyuan held 100% of the shareholding of (iii) Beijing Fangyan Food Co., Ltd. (北京芳燕食品有限責任公司), (iv) Beijing Yanwu Xipin Trading Co., Ltd. (北京燕屋一品貿易有限責任公司), (v) Beijing Yushengyan Trading Co., Ltd. (北京御盛燕商貿有限公司), (vi) Beijing Shengzhiyan Trading Co., Ltd. (北京盛之燕商貿有限公司) and (vii) Beijing Yixin Trading Co., Ltd. (北京亦忻商貿有限公司); (c) Changchun Jinyanhui held 100% of the shareholding of (i) Changchun Jinyange Trading Co., Ltd. (長春市金燕閣商貿有限公司) and (ii) Changchun Yuyantu Trading Co., Ltd. (長春市御蕪商貿有限公司); (d) Harbin Jinyanhui held 100% of the shareholding of (i) Harbin Mingyan Trading Co., Ltd. (哈爾濱市茗燕商貿有限公司) and (ii) Harbin Zunyan Trading Co., Ltd. (哈爾濱市尊燕商貿有限公司); and (e) Taiyuan Jixiangyan held 100% of the shareholding of Taiyuan Mingyan Trading Co., Ltd. (太原市名燕商貿有限公司) and (B) one non-wholly owned level II subsidiary namely, Tonghua Jinwo Trading Co., Ltd. (通化市金窩商貿有限公司) in which Changchun Jinyanhui and Zhou Tongyao (周董姪) held 90% and 10% of its shareholding respectively.
- Mr. Huang, our founder, chairman and executive Director, is the general partner of Jinyan Tengfei LP.
- XUE Fengying is the spouse of Mr. Zheng, our vice chairman and executive Director.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

(1)-(11): See notes to the corporate chart in “—Our Corporate Structure Immediately Prior to the [REDACTED]”.

(12) Immediately upon the completion of the [REDACTED] and assuming the Share Subdivision is completed, the following shares held by the relevant Shareholder will be [REDACTED] [REDACTED]: (i) [REDACTED] Shares held by Xiamen Suntama; (ii) [REDACTED] Shares held by Mr. Huang; (iii) [REDACTED] Shares held by Mr. Zheng; (iv) [REDACTED] Shares held by Mr. Li; (v) [REDACTED] Shares held by Jinyan Tengfei LP; (vi) [REDACTED] Shares held by Ms. Xue; (vii) [REDACTED] Shares held by HU Qiaohong; (viii) [REDACTED] Shares held by Yangming Kangyi LP; (ix) [REDACTED] Shares held by ZENG Huanrong; (x) [REDACTED] Shares held by Torch Investment; (xi) [REDACTED] Shares held by Tianyi Runli LP; held by HUANG Jincheng; (xii) [REDACTED] Shares held by SHI Tao; (xiii) [REDACTED] Shares held by JINJUN HONGYAN LP; (xiv) [REDACTED] Shares held by TIANYI RUNLI LP; (xv) [REDACTED] Shares held by HUANG Wenxiao; (xvi) [REDACTED] Shares held by JINJUN HONGYAN LP; (xvii) [REDACTED] Shares held by ZHANG Qing; (xviii) [REDACTED] Shares held by Guangyao Tianxiang LP; (xix) [REDACTED] Shares held by Xiamen Jinyanlai LP; (xx) [REDACTED] Shares held by Hongyan Investment LP; (xxi) [REDACTED] Shares held by WU Junjie; and (xxii) [REDACTED] Shares held by CHEN Zhigao; (xxiii) [REDACTED] Shares held by XIONG Ting. Such Shares collectively represent [REDACTED]% of the total issued Shares of our Company upon the completion of the [REDACTED] and assuming no exercise of the [REDACTED]. The [REDACTED] has been [REDACTED] on [●] and is still subject to the [REDACTED].

(13) To the best of the Directors’ knowledge, immediately upon the completion of the [REDACTED] and assuming the Share Subdivision is completed, the following shareholders will not be core connected persons of our Company: Xiamen Jinyanlai LP, Yangming Kangyi LP, ZENG Huanrong, HUANG Jincheng, SHI Tao, Torch Investment, Tianyi Runli LP, Jinjun Hongyan LP, HUANG Wenxiao, ZHANG Qing and WU Junjie, CHEN Zhigao and XIONG Ting, which collectively will hold [REDACTED] Shares, representing [REDACTED]% of the total issued Shares of our Company upon the completion of the [REDACTED] and assuming no exercise of the [REDACTED]. Among such Shares, [REDACTED] Shares will be [REDACTED] upon the completion of the [REDACTED]. See note 10 to “—our corporate structure immediately following the [REDACTED]” for details. As a result, taking into account of such [REDACTED] Shares and the [REDACTED], to be issued pursuant to the [REDACTED], an aggregate of [REDACTED] [REDACTED] will count towards the [REDACTED] of our Company upon the completion of the [REDACTED], representing [REDACTED]% of the total issued Shares of our Company upon the completion of the [REDACTED] and assuming no exercise of the [REDACTED].