
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

In 2008, our Founders, Mr. Wang and Ms. Liu, launched the first ChaPanda store under the name of “Chabaidao (茶百道)” in Chengdu, Sichuan. Since then, we have started our ChaPanda voyage and have been rapidly expanding our network across China. After 15 years of development, we have expanded our store network and grown to be a leading freshly-made tea drink brand in China. For details of our store network, see “Business—Our ChaPanda Store Network”. Our rapid expansion of store network and fast growth in business were driven by our Founders and our senior management’s deep understanding and extensive management experience in the catering and tea drinks industry of China. For details, see the section headed “Directors, Supervisors and Senior Management.”

KEY MILESTONES

The following table summarizes the key development milestones of our Group:

<u>Year</u>	<u>Milestone</u>
2008	The first ChaPanda store under the name of “Chabaidao (茶百道)” was launched in Chengdu, Sichuan.
2010	We registered the trademark of “Chabaidao (茶百道).” We launched Milk Herbal Jelly (牛奶燒仙草).
2013	We launched tiramisu milkshakes (提拉米蘇冰沙).
2018	We developed “DingDing Mao’er” (“丁丁貓”), our previous brand IP before “ChaCha” (“茶茶”), to establish our brand image and deepen our connection with consumers.
2019	The number of ChaPanda stores exceeded 500.
2020	We were named as the “Most Promising Brand with Rapid Growth Potential” in 2020 Ele.me Annual Brand Awards by Ele.me and Koubei, and “2020 Top 20 Enterprises in the Freshly-made Beverage Category” (“2020年度現調飲品20強企業”) by China Cuisine Association (中國烹飪協會).

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<u>Year</u>	<u>Milestone</u>
2021	<p>The number of ChaPanda stores exceeded 5,000.</p> <p>We were named as the “2021 China’s Most Commercially Valuable Catering Brand” (2021年度中國餐飲最具商業價值品牌), and obtained the “Red Eagle Award” (紅鷹獎) issued by Hongcan.com (紅餐網), the “Red Carp Award – 2021 Top 10 Tea Drinking Brands in China” (紅鯉獎-2021中國茶飲十大品牌), the “King of 10,000 Orders” issued by Canyandata (窄門餐眼) and the “2021 Consumer Favorite Brand” (2021年度消費者喜愛品牌) issued by Consumer Quality Network (消費質量網).</p>
2022	<p>We were named as the “Annual Best Brand” (年度最佳品牌) by Alibaba’s Local Services and the “Top 3 Store Growth for 2022-2023” (年度門店增長Top 3) by Canyandata (窄門餐眼); and obtained the “Annual Most Influential Brand Award” (年度最具影響力品牌獎) issued by Meituan and “China Beverage Innovation TOP 50 Annual Product Innovation Award” (中國飲品創變力TOP 50年度產品創新獎).</p>
2023	<p>We raised gross proceeds of RMB970 million from our Pre-[REDACTED] Investments.</p> <p>We implemented a comprehensive brand upgrade in which we launched our latest brand IP, “ChaCha,” among others.</p> <p>The number of ChaPanda stores exceeded 7,000.</p>

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had a total of [24] subsidiaries. The following table sets out certain information of each of our subsidiaries as of the Latest Practicable Date.

<u>No.</u>	<u>Name of company</u>	<u>Principal business activities</u>	<u>Shareholding controlled by the Company</u>	<u>Date and jurisdiction of establishment and commencement of business</u>
1	Shuwei Tea Rhyme (蜀味茶韻).	Supply chain management	100%	January 12, 2021, PRC
2	Shuxin Zhiyuan (蜀信致遠).	Franchise management, marketing campaigns and operation	100%	January 14, 2021, PRC
3	ChaPanda Training (茶百道培訓)	Provision of trainings to franchisees	100%	September 18, 2021, PRC

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No.	Name of company	Principal business activities	Shareholding controlled by the Company	Date and jurisdiction of establishment and commencement of business
4	Senmian New Materials (森冕新材料)	Production of biodegradable straws and packaging	67% ⁽¹⁾	May 6, 2021, PRC
5	Shuxin Anhe (蜀信安和)	Development of manufacturing facilities	100%	May 28, 2021, PRC
6	Shuxin Yuncha (蜀信雲茶)	IT services and maintenance	100%	August 10, 2021, PRC
7	Shucha Huwei (蜀茶滬味)	Sale of beverages	100%	June 7, 2021, PRC
8	Wuhan Chaxin (武漢茶馨)	Sale of beverages	100%	May 24, 2021, PRC
9	Shuyunming Beverage (蜀韻茗飲品)	Sale of beverages	100%	January 29, 2021, PRC
10	Chadandang (茶擔當)	Provision for logistics and distribution service	100%	January 26, 2021, PRC
11	Xinyuming Beverage (欣芋茗飲品)	Sale of beverages	100%	March 12, 2021, PRC
12	Wencha Catering (溫茶餐飲)	Sale of beverages	100%	August 1, 2022, PRC
13	ChaPanda Catering (茶百道餐飲)	Catering management, sale of food and beverage, franchise management	100%	February 21, 2017, PRC
14	Xiangbin Liangwei (香檳靚味)	Sale of beverages	100%	July 26, 2022, PRC
15	ChaPanda E-commerce (茶百道電子商務)	Peripheral e-commerce business	100%	February 11, 2022, PRC
16	Shudu Chayi (蜀都茶驛)	Sale of beverages	100%	November 21, 2022, PRC
17	Cafrui Industrial (咖弗瑞實業)	Investment management	100%	April 24, 2023, PRC
18	Cafrui Consulting (咖弗瑞諮詢)	Franchise management, marketing campaigns and operation	100%	May 12, 2023, PRC
19	Chashanli Catering (茶山里餐飲)	Sale of beverages	100%	December 22, 2022, PRC
20	Shuka Catering (蜀咖餐飲)	Catering management	100%	September 8, 2023, PRC
21	Sichuan Shuxin Tongyuan (四川蜀信同源)	Investment management	100%	October 19, 2023, PRC

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No.	Name of company	Principal business activities	Shareholding controlled by the Company	Date and jurisdiction of establishment and commencement of business
22	Beijing Shuxin (北京蜀信)	Investment management	100%	November 15, 2023, PRC
23	Qingheli Shuka (青和里蜀咖)	Catering services and sale of food	100%	December 5, 2023, PRC
24	Qingkou Tea (清口茶業)	Sale of food	67% ⁽²⁾	January 17, 2024, PRC

Note (1): As of the Latest Practicable Date, Senmian New Materials was held by the Company as to 67% and by an Independent Third Party (except for being a substantial shareholder thereof), Yibin Senqian Enterprise Management Co., Ltd. (宜賓森乾企業管理有限公司), as to 33%. As of the Latest Practicable Date, Yibin Senqian Enterprise Management Co., Ltd.* (宜賓森乾企業管理有限公司) is ultimately controlled by its director and general manager, Mr. Shang Faming (尚發明), who is also the director and general manager of Senmian New Materials and an Independent Third Party (except for the above mentioned relationships with Senmian New Materials).

Note (2): As of the Latest Practicable Date, Qingkou Tea was held by Sichuan Shuxin Tongyuan as to 67% and by an Independent Third Party (except for being a substantial shareholder thereof), Fuzhou Qingkou Ercha Tea Co., Ltd.* (福州市青口二茶茶業有限公司), as to 33%. As of the Latest Practicable Date, Fuzhou Qingkou Ercha Tea Co., Ltd.* (福州市青口二茶茶業有限公司) is ultimately controlled by its director and general manager, Mr. Lin Hong (林宏), who is also the director and general manager of Qingkou Tea and an Independent Third Party (except for the above mentioned relationships with Qingkou Tea).

ESTABLISHMENT, DEVELOPMENT AND REORGANIZATION OF OUR GROUP

A. Early Development of our Business before 2018

In 2008, our Founders launched our first ChaPanda store under the name of “Chabaidao (茶百道)” in Chengdu, Sichuan. Since then, we commenced our venture in the tea drinks business. In February 2017, ChaPanda Catering was established for the operation for our Group’s business.

B. Establishment of Holding Companies

In November 2018, as part of our continuous expansion, our Founders established Hengsheng Herui as one of the holding companies of our Group’s business. Since its establishment, Hengsheng Herui has undergone certain shareholding changes for the purpose of incentivising and rewarding employees for their contribution. On December 31, 2020, for fund raising purposes, our Company was incorporated as a joint stock limited liability company under the laws of PRC with a registered capital of RMB100 million contributed as to 90% by Hengsheng Herui and 10% by Mr. Wang, as our promoters.

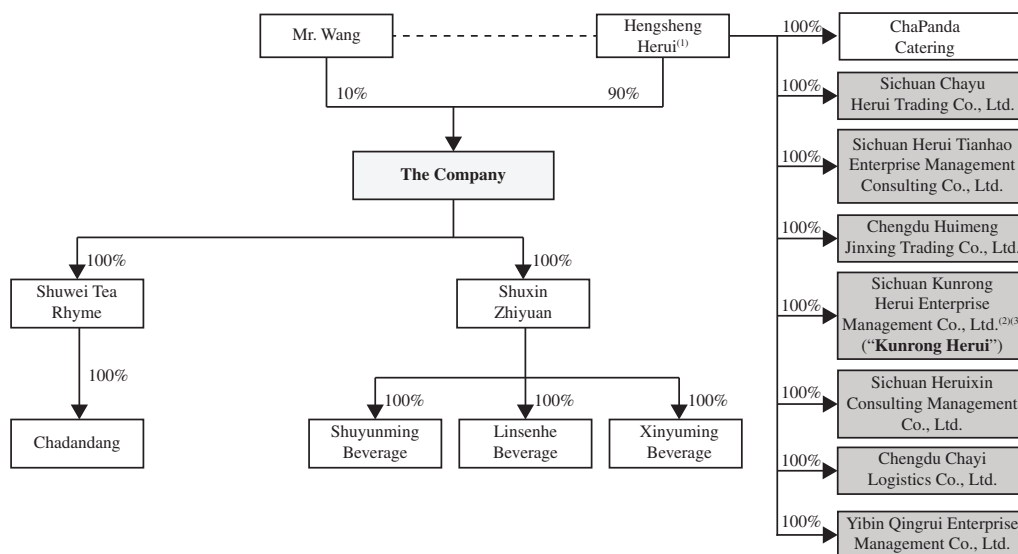
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C. 2021 Business Reorganization

- Background:** Prior to the 2021 Business Reorganization, we managed our ChaPanda stores in different geographical areas and cities in China primarily through locally established and managed subsidiaries and/or branches. As our ChaPanda network continued to expand nationwide, it became less efficient and more difficult to assure quality across the network when it was managed by the dispersedly-located and locally-managed entities. With a view to maximizing our operation efficiency and in line with the rapid expansion of our ChaPanda network, we began reorganizing our corporate group structure to centralize and integrate the management for our ChaPanda stores in early 2021 (the “**2021 Business Reorganization**”).

Leveraging the 2021 Business Reorganization, we organized our corporate structure based on their respective business functions. Each subsidiary of the Company became positioned to engage in a distinctive aspect of the Group’s operations, such as franchisee management, supply chain management, staff trainings, packaging production, etc. With a process-based centralized corporate structure, each ChaPanda store is managed with unified and standardized operational and management processes. All these enable us to more effectively manage and supervise our (i) store operations, (ii) product and service supply and quality control, (iii) procurement, (iv) supply chain operation, (v) online ordering, (vi) market campaigns and (vii) personnel training, which in turn enable higher consistency in the delivery of our products and services, more efficient coordination and execution of the Group’s business plans, and better business scalability for higher efficiency, profitability and sustainability. For more details of our centralized management system, see “Business—Our Store Operation Model” in this Document.

Below is a diagram illustrating our structure immediately prior to the 2021 Business Reorganization.



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Notes:

- (1) Immediately prior to the 2021 Business Reorganization, Hengsheng Herui was ultimately held as to 84.888% by Chengdu Jinboson, 8% by Ms. Dai Li, 4% by Mr. Wang Hongxue, 2% by Mr. Chen Keyuan and 1.112% by Ms. Gu Jilin, each through their respective wholly-owned investment vehicles. Ms. Gu Jilin was a director of the Company between May 2021 and August 2023. Ms. Gu Jilin resigned as a director of the Company in order to devote more time to her family and had confirmed that she has no dispute with the Group and/or the Board. There was no other matter that needs to be brought to the attention of the Shareholders in respect of her serving as a director of the Company in the relevant time and her resignation.
- (2) As part of the 2021 Business Reorganization, an indirect wholly-owned subsidiary of Kunrong Herui, namely Wuhan Chaxin, established on May 24, 2021 was subsequently transferred to our Company. For further details, see “—2. Principal steps.”
- (3) Certain entities controlled by Kunrong Herui were historically established through nominee arrangements for administrative convenience in the course of our rapid expansion. As of the Latest Practicable Date, each of the entities involving nominee arrangements had been deregistered and the Company was not aware of any dispute in relation to such arrangements.

2. Principal steps

- (a) **Business Injection:** On February 25, 2021, the Company and Hengsheng Herui entered into a reorganization agreement, pursuant to which Hengsheng Herui transferred its then-operational business, contracts, agreements, assets/liabilities, personnel, data and accounts to the Group (the “**Business Injection**”), which took effect from March 31, 2021. The total consideration of the Business Injection included (i) the transfer of certain fixed assets such as transportation or office equipments, at the total consideration of RMB2,780,471.94, which was determined based on the net book value of the relevant fixed assets at the relevant time; (ii) the transfer of inventories at the total consideration of RMB79,664,315.79, which was determined based on the net book value of the relevant inventories at the relevant time; and (iii) the transfer of the relevant intellectual properties rights at nil consideration. Such consideration was determined after arm’s length negotiation between the parties. Contracts and agreements signed and executed in the name of the then operating entities of Hengsheng Herui as of March 31, 2021 would be renewed by the Company and its subsidiaries within one year thereafter. As of the Latest Practicable Date, (i) the consideration for the above transfers had been fully settled; and (ii) the Business Injection had been duly completed. Our Directors considered that the Business Injection was conducted on normal commercial terms and are beneficial to the Group and the Shareholders as a whole.
- (b) **Equity transfers:** Based on the historical operation performance of the relevant subsidiaries, and the Group’s business development needs, Shuxin Zhiyuan, a wholly-owned subsidiary of our Company, entered into (i) an equity transfer agreement with Hengsheng Herui on November 2, 2021, pursuant to which, Shuxin Zhiyuan, acquired 100% equity interests in ChaPanda Catering at a consideration of approximately RMB1 million. On November 2, 2021, the equity transfer of ChaPanda Catering was completed, and ChaPanda Catering became an indirectly

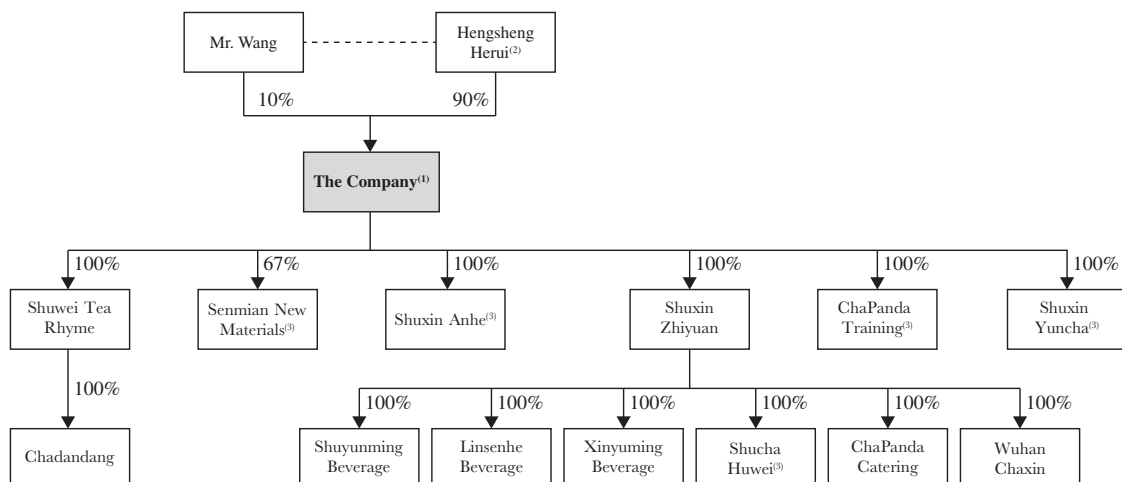
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wholly-owned subsidiary of the Company. The consideration was determined after arm’s length negotiation, having taken into account the registered capital of ChaPanda Catering at the time of agreement and its net asset of approximately RMB1 million as at September 30, 2021 based on the its unaudited management accounts; and (ii) an equity transfer agreement with a wholly-owned subsidiary of Hengsheng Herui on January 13, 2022, pursuant to which, Shuxin Zhiyuan acquired 100% equity interests in Wuhan Chaxin at a consideration of RMB50,000. On January 13, 2022, the equity transfer of Wuhan Chaxin was completed, and Wuhan Chaxin became an indirectly wholly-owned subsidiary of the Company. The consideration was determined after arm’s length negotiation, having taken into account the registered capital of Wuhan Chaxin at the time of agreement and its net asset of approximately RMB0.15 million as at December 31, 2021 based on the its unaudited management accounts.

- (c) As of the Latest Practicable Date, none of Hengsheng Herui and its controlled entities were engaged in any substantive business. The companies and assets transferred to the Group as part of the 2021 Business Reorganization were consolidated under merger accounting as set out in Note 2 to the Accountants’ Report before the 2021 Business Reorganization was completed.

3. PRC regulatory requirements: Our PRC Legal Advisor is of the view that the 2021 Business Reorganization does not violate the applicable PRC laws and regulations, and the relevant regulatory registrations or approvals necessary to effect the 2021 Business Reorganization had been obtained in accordance with the PRC laws and regulations.

4. Group structure after the 2021 Business Reorganization: After the 2021 Business Reorganization, our business operations became operated by our Company and its subsidiaries, and Hengsheng Herui became a shareholding platform of our Founders, Ms. Dai Li, Mr. Wang Hongxue, Ms. Gu Jilin and Mr. Chen Keyuan. Below is a diagram illustrating our structure after the 2021 Business Reorganization.



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Notes:

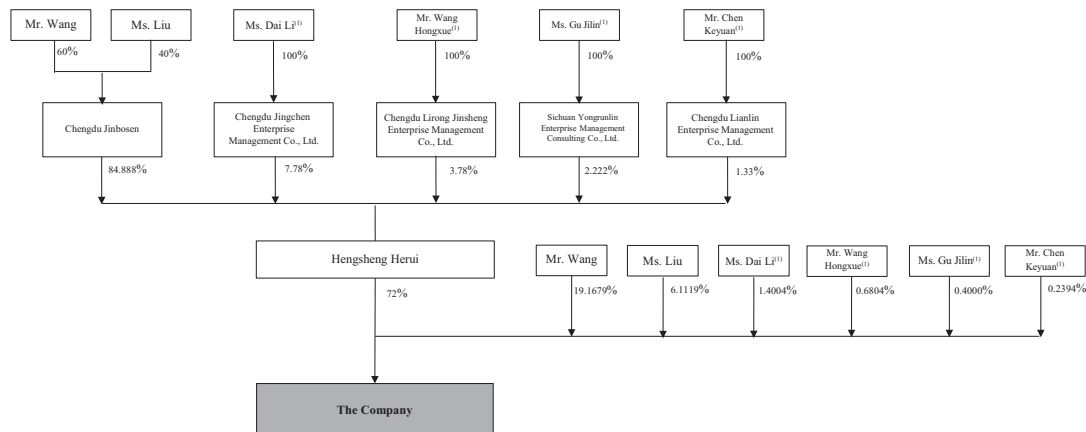
- (1) For details of all subsidiaries of the Company as of the Latest Practicable Date, see “—Corporate structure immediately before the [REDACTED]” and “—Our Subsidiaries” in this section.
- (2) Hengsheng Herui was ultimately held as to 84.888% by Chengdu Jinbosen, 7.78% by Ms. Dai Li, 3.78% by Mr. Wang Hongxue, 2.222% by Ms. Gu Jilin and 1.33% by Mr. Chen Keyuan.
- (3) Each of Senmian New Materials, Shuxin Anhe, ChaPanda Training, Shuxin Yuncha and Shucha Huwei is established by the Company after the commencement of the 2021 Business Reorganization. For details, please see “—Our subsidiaries” in this section.

D. 2023 Shareholding Restructuring

Prior to the 2023 Shareholding Restructuring (as defined below), our Company was owned directly 90% by Hengsheng Herui and 10% by Mr. Wang. Hengsheng Herui was held as to 84.888% by Chengdu Jinbosen, 7.78% by Ms. Dai Li, 3.78% by Mr. Wang Hongxue, 2.222% by Ms. Gu Jilin and 1.33% by Mr. Chen Keyuan, each through their respective wholly-owned investment vehicles.

On May 5, 2023, we passed a shareholders’ resolution in relation to (i) the increase of the share capital of the Company from RMB100,000,000 to RMB125,000,000 and (ii) the subscription of the Shares by Mr. Wang, Ms. Liu, Ms. Dai Li, Mr. Wang Hongxue, Ms. Gu Jilin and Mr. Chen Keyuan (the “2023 Shareholding Restructuring”). On May 11, 2023, the Company issued a total of 25,000,000 Shares to Mr. Wang, Ms. Liu, Ms. Dai Li, Mr. Wang Hongxue, Ms. Gu Jilin and Mr. Chen Keyuan in such proportions that correspond to the respective percentages of the then equity interests ultimately held by them in the Company, at an aggregate consideration of RMB25,000,000. The subscription price was determined at par value of the registered capital increased. Our PRC Legal Advisor has confirmed that all the capital increases in connection with the 2023 Shareholding Restructuring have been properly and legally completed.

Below is a diagram illustrating shareholding structure of the Company upon completion of the 2023 Shareholding Restructuring (without taking into account the subsequent shareholding changes and dilution effect of Pre-[REDACTED] Investments and the establishment of Pre-[REDACTED] Employee Incentive Platform).



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Note:

- (1) Despite each of Ms. Dai Li, Mr. Wang Hongxue, Ms. Gu Jilin and Mr. Chen Keyuan (the “**Minority Shareholders**”) held minority equity interests in Hengsheng Herui through their respective wholly-owned investment vehicles during the Track Record Period, the Minority Shareholders are not considered as a group controlling shareholders with Mr. Wang and Ms. Liu, considering the following:
 - (i) During the Track Record Period, the Minority Shareholders, as employees of the Group, had been interested in Hengsheng Herui when they were granted incentive shares in Hengsheng Herui by the Founders, to reward their contribution to the development of the Group. Hengsheng Herui was an original holding vehicle of the Group’s business prior to the 2021 Business Reorganization. Only after such reorganization, the Minority Shareholders became holding the relevant equity interests in the Group indirectly through Hengsheng Herui.
 - (ii) Regardless of whether the Minority Shareholders hold their interests in the Company through Hengsheng Herui, or directly holding the Shares, none of the Minority Shareholders, as an employee of the Group, had been or will be in a position to control the Group individually or collectively. Each of the Minority Shareholders had individually held less than 10% voting power in Hengsheng Herui and in the Company, respectively.
 - (iii) None of Minority Shareholders is an associate of, or otherwise acting in concert with any of Mr. Wang, Ms. Liu and Chengdu Jinboson in connection with the management and operation of Hengsheng Herui. There was no arrangement or agreement among Minority Shareholders, Mr. Wang and Ms. Liu on the management of the Group and the exercise of their voting rights on general meetings involving key decisions with respect of Hengsheng Herui and the Company in any coordinated manner.
 - (iv) Each of the Minority Shareholders confirmed that during the Track Record Period, (a) they exercised their voting rights in Hengsheng Herui and in the Company independently based on their own assessment on the subject matters, and (b) there was no acting-in-concert arrangement with respect to their voting decision at general meetings of Hengsheng Herui or the Company among them. It is expected that they will continue exercising their respective voting right at the general meetings of Hengsheng Herui and the Company independently from other shareholders of Hengsheng Herui and the Company after the [REDACTED].

E. Pre-[REDACTED] Investments

See “—Pre-[REDACTED] Investments” below for further information of shareholding changes in connection with the Pre-[REDACTED] Investments. Our PRC Legal Advisor has confirmed that, all the capital increases as described in this section were properly and legally completed and all necessary, filings and registrations from the relevant PRC authorities have been obtained and completed.

F. Pre-[REDACTED] Employee Incentive Scheme

In anticipation of the [REDACTED], we have adopted the Pre-[REDACTED] Employee Incentive Scheme on June 27, 2023 and established a limited partnership, Sichuan Tongchuang Gongjin Enterprise Management Partnership (Limited partnership) (四川同創共進企業管理合夥企業(有限合夥)) (“**Tongchuang Gongjin**”), as the pre-[REDACTED] employee incentive platform, with a view to improving the enthusiasm and creativity of the eligible participants of the Pre-[REDACTED] Employee Incentive Scheme (the “**Eligible Participants**”), promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the Eligible Participants while enhancing the value of the Group, and thus realizing the common development of both the Eligible Participants and the Group.

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Tongchuang Gongjin was established in the PRC as a limited partnership on July 31, 2023. Mr. Wang, as the sole general partner of Tongchuang Gongjin, is responsible for the management of Tongchuang Gongjin and exercising the voting rights attaching to the Shares held by Tongchuang Gongjin, in accordance with the partnership agreement entered into among the general and limited partners of Tongchuang Gongjin. Therefore, Tongchuang Gongjin and Mr. Wang, together with his associates, Ms. Liu, Chengdu Jinboson and Hengsheng Herui, are considered as a group of Controlling Shareholders.

As of the Latest Practicable Date, Mr. Wang held approximately 2.72% partnership interests in Tongchuang Gongjin, with the remaining interests being held by 25 limited partners of Tongchuang Gongjin, namely Mr. Zhu Mingxing, our Supervisor (holding approximately 22.77% interests of Tongchuang Gongjin), Mr. Zhang Yu, our Supervisor (holding approximately 1.02% interests of Tongchuang Gongjin), Mr. Zhang Rui, our senior management (holding approximately 16.99% interests of Tongchuang Gongjin), Ms. Yi Rui, our senior management (holding approximately 6.80% interests of Tongchuang Gongjin), Mr. Zhou Dapeng, our senior management (holding approximately 1.36% interests of Tongchuang Gongjin) and the other 20 current employees as limited partners who are not the Directors, Supervisors or senior management of our Company. The partnership interests held by each of these 20 other limited partners in Tongchuang Gongjin range from approximately 0.85% to 6.80%. For further details of the Pre-[REDACTED] Employee Incentive Scheme and Tongchuang Gongjin, see “Statutory and General Information—5. Pre-[REDACTED] Employee Incentive Scheme” in Appendix VI to this Document.

As of the Latest Practicable Date, Tongchuang Gongjin owned approximately 0.4802% of the issued Shares, and the Pre-[REDACTED] Employee Incentive Scheme does not involve the grant of new Shares or awards by the Company after the [REDACTED].

[REDACTED]

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Except as disclosed in the paragraphs headed “2021 Business Reorganization” in this section, we had not conducted any acquisitions, disposals or mergers since our inception that we considered to be material to us during the Track Record Period and up to the Latest Practicable Date.

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PRE-[REDACTED] INVESTMENTS

Overview

On May 22, 2023, the Company, Hengsheng Herui, Mr. Wang, Tower Quality Limited (“**Tower Quality**”), Shanghai Tanying Investment Partnership (Limited Partnership)* (上海檀英投資合夥企業(有限合夥)) (“**LVC Tanying**”), Suzhou Yuexiang Equity Investment Partnership (Limited Partnership)* (蘇州悅享股權投資合夥企業(有限合夥)) (“**Suzhou Yuexiang**”), Chengdu Xinjin Shengwang Jiaozi New Consumer Equity Investment Fund Partnership (Limited Partnership)* (成都新津昇望交子新消費股權投資基金合夥企業(有限合夥)) (“**Xinjin Shengwang**”), Nanjing Yellow Tomato Equity Investment Partnership (Limited Partnership)* (南京黃番茄股權投資合夥企業(有限合夥)) (“**Yellow Tomato LP**”), Shuwei Tea Rhyme (蜀味茶韻) and Shuxin Zhiyuan (蜀信致遠) entered into a capital increase agreement, pursuant to which, each of Tower Quality, LVC Tanying, Suzhou Yuexiang, Xinjin Shengwang and Yellow Tomato LP subscribed RMB6,060,606, RMB227,273, RMB303,030, RMB378,788 and RMB227,273 increased registered capital of the Company, at cash considerations of RMB800 million, RMB30 million, RMB40 million, RMB50 million and RMB30 million, respectively (the “**May 2023 Financing**”).

On June 19, 2023, the Company, Hengsheng Herui, Mr. Wang, CICC Tongfu (Quanzhou) Consumer Industry Venture Capital Fund Partnership (Limited Partnership)* (中金同富(泉州)消費產業創業投資基金合夥企業(有限合夥)) (“**CICC Tongfu**”), Shuwei Tea Rhyme and Shuxin Zhiyuan entered into a capital increase agreement, pursuant to which, CICC Tongfu subscribed RMB151,515 increased registered capital of the Company, at a cash consideration of RMB20 million (the “**June 2023 Financing**”).

Principal terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors’ rights

The below table summarizes the principal terms of the Pre-[REDACTED] Investments:

Amount of registered capital increased	RMB7,348,485
Amount of consideration paid	RMB970,000,000
Date of agreements	May 2023 Financing: May 22, 2023 June 2023 Financing: June 19, 2023
Date of full settlement of consideration	June 27, 2023
Cost per Share paid under the Pre-[REDACTED] Investments (approximation)⁽¹⁾	RMB13.20
[Discount] to the [REDACTED] (approximation)⁽²⁾	[REDACTED]%

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Basis of determination of the valuation and consideration	The determination of the valuation and consideration is based on arm’s-length negotiations between the relevant parties with reference to among others, (i) business performance of our Company in the previous year, (ii) the business value of the Company and its subsidiaries at the time of the Pre-[REDACTED] Investments, and (iii) the market conditions, the market value of comparable companies at the relevant time.
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], the Shares issued by the Company prior to the [REDACTED] (including those held by the Pre-[REDACTED] Investors at the time of the [REDACTED]) are restricted from [REDACTED].
Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[REDACTED] Investments for the operations and general working capital purpose of our Group. As of the Latest Practicable Date, approximately [59.2]% of the funds raised from the Pre-[REDACTED] Investments have been utilized.
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that the Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors’ investments in the Company and their knowledge and experience, including but not limited to the following aspects: (i) our Pre-[REDACTED] Investors have provided valuable financing that served as additional working capital for our growth. We have been able to leverage their investment funds to enhance operation and supply chain management, and promote our product development and innovation; (ii) our Pre-[REDACTED] Investors could provide strategic and professional advice, allowing us to streamline our capital and management structure. Most of them are experienced professional institutional investors covering consumer goods, innovative consumption and new retail industries as well as food & beverage, catering and franchising businesses, who can contribute their unique perspectives on brand building and market expansion as well as their insight on our Group’s corporate governance, financial reporting and internal control from their experiences with professionally investing in and managing portfolio companies. Additionally, by bringing in Dr. Chen Da from Tower Quality as our non-executive Director, our Board and the Group directly benefited from his strategic advice and extensive, first-hand knowledge in consumer goods and private equity investment industries; and (iii) the Pre-[REDACTED] Investments demonstrated the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group, and served as endorsements of our performance, strengths and prospects, and enhanced our branding, name recognition and standing in the food & beverage industry.

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Notes:

- (1) The cost per Share is calculated and adjusted assuming the [REDACTED] is completed.
- (2) Calculated based on (i) the assumption that the [REDACTED] is HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]) and (ii) the exchange rate as set out in “Information about this Document and the [REDACTED].”

Rights of the Pre-[REDACTED] Investors

According to the shareholders’ agreement entered into among others, by the Company and the Pre-[REDACTED] Investors (the “Shareholders Agreement”), the Pre-[REDACTED] Investors have been granted certain special rights, including, among others, right of first refusal, right of co-sale, nomination right, preemptive rights, redemption rights, and information rights. Except for the redemption rights, all of such special rights will be automatically terminated pursuant to the Shareholders Agreement immediately upon the completion of a qualified [REDACTED] of the Company (which includes the [REDACTED]), or other earlier time as agreed among the parties.

The redemption rights shall be automatically terminated pursuant to the Shareholders Agreement upon the first submission of the application for a qualified [REDACTED] or other earlier time as agreed among the parties. Upon the earlier of (i) the Company voluntarily withdrew its [REDACTED] for a qualified [REDACTED]; (ii) the Company did not obtain the [REDACTED] approval letter(s) from the relevant stock exchange within eighteen (18) months after the first submission of the [REDACTED] for a qualified [REDACTED] to the relevant stock exchange, or the sponsor(s) of the [REDACTED] withdrew its sponsorship; (iii) the Company’s [REDACTED] for an [REDACTED] was rejected or returned by the relevant stock exchange; or (iv) the Company failed to complete the qualified [REDACTED] on the relevant stock exchange after it received the approval for the [REDACTED] from the relevant stock exchange, the special rights so terminated shall be reinstated and restated.

Compliance with the Pre-[REDACTED] Investment Guidance

On the basis that (i) the consideration for the Pre-[REDACTED] Investments was irrevocably settled more than 28 clear days before the date of our [REDACTED] of the [REDACTED] to the Stock Exchange; and (ii) the special rights granted to the Pre-[REDACTED] Investors shall cease to be effective and be discontinued upon the qualified [REDACTED] (save for the redemption rights as described above), the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with the Pre-[REDACTED] Investment Guidance (as defined in Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Information about our Pre-[REDACTED] Investors

The background of our Pre-[REDACTED] Investors are set out below:

1. **Tower Quality:** Tower Quality is an investment vehicle without any substantial operating activities since its incorporation in form of a limited liability company incorporated in the British Virgin Islands, which is owned as to 97.98%, 1.00%, and 1.02% by Orchid Asia VIII, L.P., Orchid Asia VII Co-Investment Limited and PERA 1912 Orchid Asia Co-Investment Fund, L.P. respectively. Orchid Asia VIII, L.P. is controlled by OAVIII Holdings, L.P., which is in turn controlled by Orchid Asia VIII GP, Limited. Orchid Asia VIII GP, Limited is wholly owned by Orchid Asia V Group Management, Limited (“**Orchid Asia**”), which is in turn wholly owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited is wholly owned by AREO Holdings Limited, which is wholly owned by Ms. Lam Lai Ming, an Independent Third Party. Orchid Asia V Group Management, Limited is a private equity investment group with a focus on investing in China and Asia. Dr. Chen Da, our non-executive Director was nominated by Tower Quality to the Board, and is currently a managing director of Orchid Asia Group Management, Limited (蘭馨亞洲投資集團). For details of Dr. Chen Da’s work experience, see “Directors, Supervisors and Senior Management—Directors.”
2. **Loyal Valley:** LVC Tanying and Suzhou Yuexiang are limited partnerships established in the PRC, which are investment vehicles established by Loyal Valley Capital. LVC Tanying is owned as to (i) 0.0002% by Shanghai Zhengxingu Investment Management Co., Ltd.* (上海正心谷投資管理有限公司) (formerly Shanghai Shengge Asset Management Co., Ltd.*) (“**Shanghai LVC**”) as general partner; and (ii) 99.9998% by Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) (“**Shanghai Lejin**”) as limited partner, the general partner of Shanghai Lejin is also Shanghai LVC.

The general partner of Suzhou Yuexiang is also Shanghai LVC. Suzhou Yuexiang has 29 limited partners and none of which has more than 30.0% of partnership interest therein. Mr. Lin Lijun (“**Mr. Lin**”) is the sole director and wholly owned Shanghai LVC.

Loyal Valley Capital is a private equity firm, with over US\$3.5 billion of assets under management, that mainly focuses on the following segments: new consumer (media, entertainment and education), healthcare and advanced manufacturing. It has investments in, without limitation, Bilibili Inc. (SEHK: 9626, NASDAQ: BILI), Cloud Music Inc. (SEHK: 9899), Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司) (SEHK: 1877) and InnoCare Pharma Limited (諾誠健華醫藥有限公司) (SEHK: 9969). To the best knowledge and information of the Company, each of Mr. Lin, LVC Tanying, Suzhou Yuexiang, Shanghai LVC, Shanghai Lejin, and the limited partners of Shanghai Lejin and Suzhou Yuexiang is an Independent Third Party.

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3. **New Hope:** Xinjin Shengwang is a limited partnership established in the PRC, with approximately RMB1 billion of assets under management, that mainly focuses on food and beverage and other segments in consumer industry in China. Xinjin Shengwang is owned as to (i) approximately 1.19% by its general partner, Sichuan Heshun Shengwang Enterprise Management Center (Limited Partnership) (四川和順昇望企業管理中心 (有限合夥)), which is ultimately controlled by Mr. Liu Yonghao (劉永好); and (ii) approximately 98.81% by 13 limited partners, none of which holds more than 25% partnership interests in Xinjin Shengwang. All of these entities and Mr. Liu Yonghao (劉永好) are Independent Third Parties.
4. **Tomato Private Equity:** Yellow Tomato LP is a limited partnership established in the PRC, focusing on investments in catering industry which is owned as to (i) approximately 0.03% by its sole general partner, Beijing Tomato Private Equity Management Company (北京番茄私募基金管理公司) (“**Beijing Tomato**”); and (ii) approximately 99.97% by its sole limited partner, Xiamen Welight Qichuang Equity Investment Partnership (Limited Partnership) (廈門微光啟創股權投資合夥企業(有限合夥)) (“**Xiamen Welight Qichuang**”), which is ultimately wholly owned by Mr. Wu Xiaoguang (吳宵光). Beijing Tomato is controlled by Mr. Qing Yong (卿永), an Independent Third Party. Xiamen Weiguang Qichuang is a limited partnership established in the PRC, which is owned as to (i) approximately 0.99% by its sole general partner, Xiamen Welight Enlightenment Investment Co., Ltd. (廈門微光啟明投資有限公司) (“**Xiamen Welight Investment**”); and (ii) approximately 99.01% by its sole limited partner, Welight Capital L.P. Welight Capital L.P. is an exempted limited partnership organized and existing under the laws of the Cayman Islands. The general partner of Welight Capital L.P. is Welight Capital Management Limited, which is ultimately controlled by Mr. Wu Xiaoguang (吳宵光). Each of Yellow Tomato LP, Beijing Tomato, Xiamen Welight Qichuang, Xiamen Welight Investment, Welight Capital L.P., Welight Capital Management Limited and Mr. Wu Xiaoguang is an Independent Third Party.
5. **CICC Tongfu:** CICC Tongfu is a limited partnership established in the PRC. It is a private equity fund under CICC Capital Management Co., Ltd. (中金資本運營有限公司) (“**CICC Capital**”) that gathers CICC’s cross-departmental professional strengths in the consumer industry. As of the Latest Practicable Date, CICC Tongfu is owned as to (a) 1.9% by its sole general partner, CICC Capital; and (b) 98.1% by its eight limited partners, including, (i) CICC Gongyu (Ningbo) Enterprise Investment Partnership (Limited Partnership) (“**CICC Gongyu**”) (中金共裕(寧波)創業投資合夥企業(有限合夥)) as to 30.14%, (ii) Quanzhou Jinjiang International Airport Co., Ltd. (泉州晉江國際機場股份有限公司) as to 19.96%, (iii) CICC Qisheng (Xinchang) Equity Investment Partnership Enterprise (Limited Partnership) (中金旗盛(新昌)股權投資合夥企業(有限合夥)) (“**CICC Qisheng**”) as to 9.98%, and (iv) an employee of CICC Capital as to 0.30%, among others. CICC Capital, the wholly owned private equity investment arm of China International Capital Corporation Limited (“**CICC Limited**”), is operating globally in private equity management. CICC Capital currently manages RMB/USD private equity funds and fund of funds (FOF), with approximately RMB359 billion in assets under management (AUM) as of December 31, 2022.

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CICC Limited is a premier China-based investment bank which is listed on the Stock Exchange (SEHK: 3908) and on the Shanghai Stock Exchange (SSE: 601995), which principally engages in investment banking, equities, wealth management, investment management and fixed income, commodities and currencies. Each of CICC Tongfu, CICC Gongyu and CICC Qisheng, being an associate of CICC Limited, a controlling shareholder of the Sole Sponsor, is regarded as a member of the sponsor group of the Sole Sponsor as defined under the Listing Rules. To the best knowledge and information of CICC Tongfu, save for CICC Gongyu, CICC Qisheng and an employee of CICC Capital, each of the other five limited partners of CICC Tongfu is independent of the Sole Sponsor.

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to establish a financing and capital operation platform in the international capital market, establish diversified financing channels, deepen the Company’s brand influence and market awareness, optimize the [REDACTED] structure, improve the internal governance structure and build a modern enterprise management system. For further details of our future plans, see “Future Plans and Use of [REDACTED]” in this Document.

PUBLIC FLOAT

Assuming (i) [REDACTED] the existing [REDACTED] Unlisted Shares (taking into account the [REDACTED]) are converted into H Shares as applied in “Full Circulation”, and (ii) the [REDACTED] is not exercised, a total of [REDACTED] H Shares (taking into account the [REDACTED]) to be held by certain of our Shareholders who are, or are indirectly controlled by, our core connected persons will not be counted towards the public float upon [REDACTED]. The remaining [REDACTED] Shares (represent approximately [REDACTED]% of the issued Shares of the Company upon [REDACTED]) will be held by the Pre-[REDACTED] Investors and other public Shareholders, and will be counted towards the public float of the Company.

Assuming (i) [REDACTED] the existing [REDACTED] Unlisted Shares (taking into account the [REDACTED]) are converted into H Shares as applied in “Full Circulation”, and (ii) the [REDACTED] is fully exercised, the Pre-[REDACTED] Investors and other public Shareholders will collectively hold [REDACTED], representing approximately [REDACTED]% of the Shares in issue upon the exercise of the [REDACTED] in full.

H Shares subject to Lock-up after the [REDACTED]

The Shares held by [REDACTED] the existing Shareholders, being [REDACTED] Shares (taking into account the [REDACTED]) will be subject to lock-up for a period of 12 months commencing from the [REDACTED] pursuant to the applicable PRC laws. In addition, a total of [REDACTED] H Shares to be subscribed by the [REDACTED] in the [REDACTED] will be subject to lock-up of [REDACTED] months commencing from the [REDACTED] pursuant to the [REDACTED] agreement(s). Therefore, upon completion of the [REDACTED] and assuming the [REDACTED] is not exercised, an aggregate of [REDACTED] Shares, including Shares held by [REDACTED] the existing shareholders and [REDACTED] by the [REDACTED], representing approximately [REDACTED]% of the Company’s total issued Shares will be subject to lock-up from the [REDACTED]. For more details, see “[REDACTED]” and “Share Capital.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and the [REDACTED] (assuming the [REDACTED] is not exercised):

Name of Shareholder	As of the Latest Practicable Date without taking into account [REDACTED]			As of the [REDACTED] taking into account the [REDACTED]		
	Number of Shares	Description of Shares	Ownership percentage	Number of Shares ⁽¹⁾	Description of Shares	Ownership percentage
Hengsheng Herui ⁽²⁾	90,000,000	Unlisted Shares	67.6758%	[REDACTED]	[REDACTED]	[REDACTED]%
Mr. Wang	23,959,875	Unlisted Shares	18.0167%	[REDACTED]	[REDACTED]	[REDACTED]%
Ms. Liu	7,639,925	Unlisted Shares	5.7449%	[REDACTED]	[REDACTED]	[REDACTED]%
Tongchuang Gongjin	638,600	Unlisted Shares	0.4802%	[REDACTED]	[REDACTED]	[REDACTED]%
Ms. Dai Li	1,750,500	Unlisted Shares	1.3163%	[REDACTED]	[REDACTED]	[REDACTED]%
Mr. Wang Hongxue	850,500	Unlisted Shares	0.6395%	[REDACTED]	[REDACTED]	[REDACTED]%
Ms. Gu Jilin	499,950	Unlisted Shares	0.3759%	[REDACTED]	[REDACTED]	[REDACTED]%
Mr. Chen Keyuan	299,250	Unlisted Shares	0.2250%	[REDACTED]	[REDACTED]	[REDACTED]%
Pre-[REDACTED] Investors						
Tower Quality	6,060,606	Unlisted Shares	4.5573%	[REDACTED]	[REDACTED]	[REDACTED]%
LVC Tanying	227,273	Unlisted Shares	0.1709%	[REDACTED]	[REDACTED]	[REDACTED]%
Suzhou Yuexiang	303,030	Unlisted Shares	0.2279%	[REDACTED]	[REDACTED]	[REDACTED]%
Xinjin Shengwang	378,788	Unlisted Shares	0.2848%	[REDACTED]	[REDACTED]	[REDACTED]%
Yellow Tomato LP.	227,273	Unlisted Shares	0.1709%	[REDACTED]	[REDACTED]	[REDACTED]%
CICC Tongfu	151,515	Unlisted Shares	0.1139%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal.	132,987,085	Unlisted Shares	100.0000%	[REDACTED]	[REDACTED]	[REDACTED]%
Public shareholders	-	-	-	[REDACTED]	[REDACTED]	[REDACTED]%
Total	132,987,085	Unlisted Shares	100.0000%	[REDACTED]	[REDACTED]	[REDACTED]%

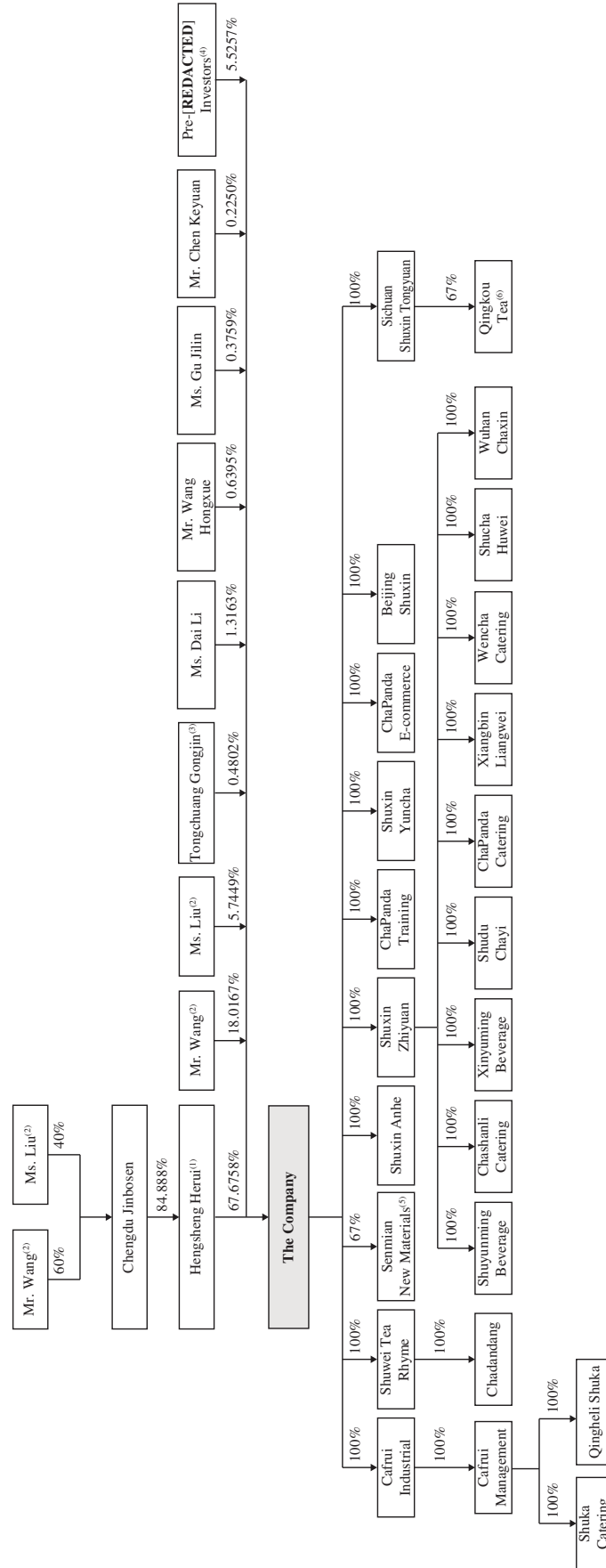
Notes:

- (1) The [REDACTED] Unlisted Shares (taking into account the [REDACTED]) held by all existing Shareholders will be converted to H Shares upon [REDACTED].
- (2) As of the Latest Practicable Date, Hengsheng Herui was held as to (i) 84.888% by Chengdu Jinboson, which is wholly owned by Mr. Wang and Ms. Liu collectively; (ii) 7.78% by Ms. Dai Li through her wholly-owned subsidiary, Chengdu Jingchen Enterprise Management Co., Ltd.* (成都晶辰企業管理有限公司); (iii) 3.78% by Mr. Wang Hongxue through his wholly-owned subsidiary, Chengdu Lirong Jinsheng Enterprise Management Co., Ltd.* (成都市麗蓉錦盛企業管理有限公司); (iv) 2.222% by Ms. Gu Jilin through her wholly-owned subsidiary, Sichuan Yongrunlin Enterprise Management Consulting Co., Ltd.* (四川永潤林企業管理諮詢有限公司); and (v) 1.33% by Mr. Chen Keyuan through his wholly-owned subsidiary, Chengdu Lianlin Enterprise Management Co., Ltd.* (成都聯林企業管理有限公司).

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CORPORATE STRUCTURE IMMEDIATELY BEFORE THE [REDACTED]

The chart below sets out the corporate structure of our Group immediately before the [REDACTED]:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) As of the Latest Practicable Date, Hengsheng Herui was held as to 84.888% by Chengdu Jinbosen, 7.78% by Ms. Dai Li, 3.78% by Mr. Wang Hongxue, 2.222% by Ms. Gu Jilin and 1.33% by Mr. Chen Keyuan, through their respective wholly-owned investment vehicles.
- (2) Mr. Wang and Ms. Liu are spouses. Hengsheng Herui is a company directly owned as to 84.888% by Chengdu Jinbosen. Tongchuang Gongjin, our Pre-[REDACTED] Employee Incentive Platform is controlled by Mr. Wang as its sole general partner. Accordingly, Mr. Wang, Ms. Liu, Chengdu Jinbosen, Hengsheng Herui and Tongchuang Gongjin constitute a group of Controlling Shareholders (as defined under the Listing Rules) before the [REDACTED].
- (3) See “—F. Pre-[REDACTED] Employee Incentive Scheme” in this section for details.
- (4) See “—Pre-[REDACTED] Investments—Information on our Pre-[REDACTED] Investors” and “—Capitalization of Our Company” for further details of Shareholders and their respective shareholdings.
- (5) As of the Latest Practicable Date, Senmian New Materials was held by the Company as to 67% and by Yibin Senqian Enterprise Management Co., Ltd.* (宜賓森乾企業管理有限公司), an Independent Third Party (except for being a substantial shareholder thereof), as to 33%. As of the Latest Practicable Date, Yibin Senqian Enterprise Management Co., Ltd.* (宜賓森乾企業管理有限公司) is ultimately controlled by its director and general manager, Mr. Shang Faming (尚發明), who is also the director and general manager of Senmian New Materials and an Independent Third Party (except for the above mentioned relationships with Senmian New Materials).
- (6) As of the Latest Practicable Date, Qingkou Tea was held by Sichuan Shuxin Tongyuan as to 67% and by an Independent Third Party (except for being a substantial shareholder thereof), Fuzhou Qingkou Ercha Tea Co., Ltd.* (福州市青口二茶茶業有限公司), as to 33%. As of the Latest Practicable Date, Fuzhou Qingkou Ercha Tea Co., Ltd.* (福州市青口二茶茶業有限公司) is ultimately controlled by its director and general manager, Mr. Lin Hong (林宏), who is also the director and general manager of Qingkou Tea and an Independent Third Party (except for the above mentioned relationships with Qingkou Tea).

Remark

The [REDACTED] Unlisted Shares (taking into account the [REDACTED]) held by all existing Shareholders will be converted into H Shares under the “full circulation” application upon completion of the [REDACTED].

