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TiantuCapital  天图投资

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**Tian Tu Capital Co., Ltd.**

**深圳市天圖投資管理股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1973)**

## **SUPPLEMENTAL ANNOUNCEMENT ON DISCLOSEABLE TRANSACTIONS**

Reference is made to the announcements of Tian Tu Capital Co., Ltd. (the “**Company**”) dated November 20, 2023 and December 8, 2023 in relation to the Investment in Shanghai Yuekun (the “**Investment Announcement**”) and the formation of Tiantu Xingqin VC Fund (the “**Fund Formation Announcement**”), to which the Board wishes to provide additional information on the Investment and the fund formation. Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meaning as they are used in the Investment Announcement and the Fund Formation Announcement.

As disclosed in the Investment Announcement, the agreed pre-money valuation of Shanghai Yuekun and AiFenLei is US\$392.7 million (approximately RMB2,821.7 million) and Shenzhen Xingyi will invest in approximately 8.32% of Shanghai Yuekun’s equity interests on a fully-diluted basis after taking into account the Investment (and assuming that no other investment will be made in Shanghai Yuekun prior to completion of the Investment). The pre-money valuation was determined based on arm’s length negotiation amongst the parties to the Investment Agreement having taken into account the historical valuation of Shanghai Yuekun and AiFenLei as reflected by the valuation at which other institutional investors (including ATRenew, Fresh Capital, 5Y Capital and PAG , each of which is either a listed company or an institutional investor and all of which are Independent Third Parties) had participated in four previous rounds of investments in Shanghai Yuekun and AiFenLei, with an agreed premium of approximately 10% over the valuation of Shanghai Yuekun and AiFenLei of US\$357.0 million (approximately RMB2,565.2 million) in their latest round of investment in early 2023. The valuation and the agreed premium have also been determined after arm’s length commercial negotiation amongst the parties to the Investment Agreement taking into account the historical financial performance of

Shanghai Yuekun and AiFenLei which has recorded improvement in its revenue, as well as the expected growth and future prospects of Shanghai Yuekun and AiFenLei within the waste recycling and high-tech green industry, as well as the prevailing market conditions subsequent to the latest round of investment. The Board did not determine the valuation and the agreed premium based on discounted cash flow valuation of the business of Shanghai Yuekun and AiFenLei.

The unaudited net liabilities of Shanghai Yuekun (prepared in accordance with PRC GAAP) as at June 30, 2023 was approximately RMB157.5 million as a result of certain earlier convertible securities investments having been recorded as liabilities on Shanghai Yuekun's balance sheet. Having adjusted for the effect of such convertible securities and assuming that such convertible securities were accounted for as equity of Shanghai Yuekun, the adjusted net assets of Shanghai Yuekun as at June 30, 2023 would be approximately RMB165.7 million. The substantive operations of AiFenLei is carried out solely through Shanghai Yuekun and therefore there is no material difference between the financial information of Shanghai Yuekun and AiFenLei. It is expected that upon completion of the Investment, the equity interests of Shanghai Yuekun will be accounted for as financial assets at fair value through profit or loss in the Company's financial statements.

As part of the Investment, AiFenLei shall also issue the Warrants in favor of Shenzhen Xingyi which will enable Shenzhen Xingyi to exchange such amount of equity interests (up to approximately 8.32%) in Shanghai Yuekun into the equivalent amount of equity interests in AiFenLei having taken into account the consideration paid and the agreed pre-money valuation of the Investment. This arrangement is essentially designed to enable Shenzhen Xingyi to exchange its onshore interest in Shanghai Yuekun into shareholding in the offshore controlling company of Shanghai Yuekun (i.e. AiFenLei) at its election. The arrangement facilitates the Company locking in investment and allocation in AiFenLei by making an equity investment into its onshore affiliated operating entity Shanghai Yuekun while allowing the relevant parties with time to complete the requisite approval procedures, in particular, those approval procedures related to overseas direct investment (“ODI”), before Shenzhen Xingyi (as a PRC onshore entity) may elect to exchange the Investment into an investment in AiFenLei. Such arrangement is customary for investment of this nature and allow the parties to complete the Investment in an expeditious manner, based on the Company's past experience and estimation, ODI approval procedures for direct offshore investment can take between 2 to 6 months upon application and increases the time required and uncertainty to an investment.

The exercise of the Warrants by Shenzhen Xingyi will not be subject to or made pre-conditional of any event, and may be exercised by Shenzhen Xingyi so long as the relevant parties have completed all regulatory filings and obtained all regulatory approvals (including the ODI approval) required for Shenzhen Xingyi to invest in AiFenLei. Shenzhen Xingyi will be required to exercise or forgo the Warrants upon the occurrence of certain corporate events of AiFenLei, such as its proposed initial public

offering or other significant corporate and shareholding changes. It is anticipated that there will not be a fixed duration for the Warrants. Assuming that all Warrants are exercised and no other investment is made in AiFenLei subsequent to the Investment, Shenzhen Xingyi (or any designee that it may have transferred the rights and obligations under the Investments to pursuant to the Investment Agreement) will be able to exchange its approximately 8.32% equity interests in Shanghai Yuekun into approximately 8.32% of AiFenLei's fully diluted share capital. The terms of the Warrant are subject to the definitive Warrant document(s), and the Company will make further announcements should there be any material changes or updates to the terms of the Warrant.

The Company will comply with the relevant Listing Rules as and when the Warrants are exercised by Shenzhen Xingyi (which may later constitute a disposal of Shenzhen Xingyi's equity interests in Shanghai Yuekun and an acquisition of equity interests in AiFenLei).

As disclosed in the Fund Formation Announcement, the three initial partners of Tiantu Xingqin VC Fund are (i) Tiantu Capital Management Center, who has committed RMB1.0 million as general partner and will be interested in approximately 0.37% of the fund interest; (ii) Shenzhen Xingyi, who has committed RMB215 million as limited partner and will be interested in approximately 80.71% of the fund interest; and (iii) Ms. Wang Yaping, who has committed RMB50.4 million as limited partner and will be interested in approximately 18.92% of the fund interest.

By order of the Board  
**Tian Tu Capital Co., Ltd.**  
(深圳市天圖投資管理股份有限公司)  
**Mr. Wang Yonghua**  
*Chairman and Executive Director*

Shenzhen, the PRC  
December 12, 2023

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Yonghua, Mr. Feng Weidong, Ms. Zou Yunli and Mr. Li Xiaoyi as executive directors; Mr. Li Lan and Mr. Dai Yongbo as non-executive directors; and Mr. Liu Pingchun, Mr. Diao Yang and Mr. Tsai Lieh (alias. Tsai Leo) as independent non-executive directors.*

\* *The English translation of the Chinese names in this announcement is included for reference only.*