

## SUMMARY

*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set forth in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].*

## OUR VISION

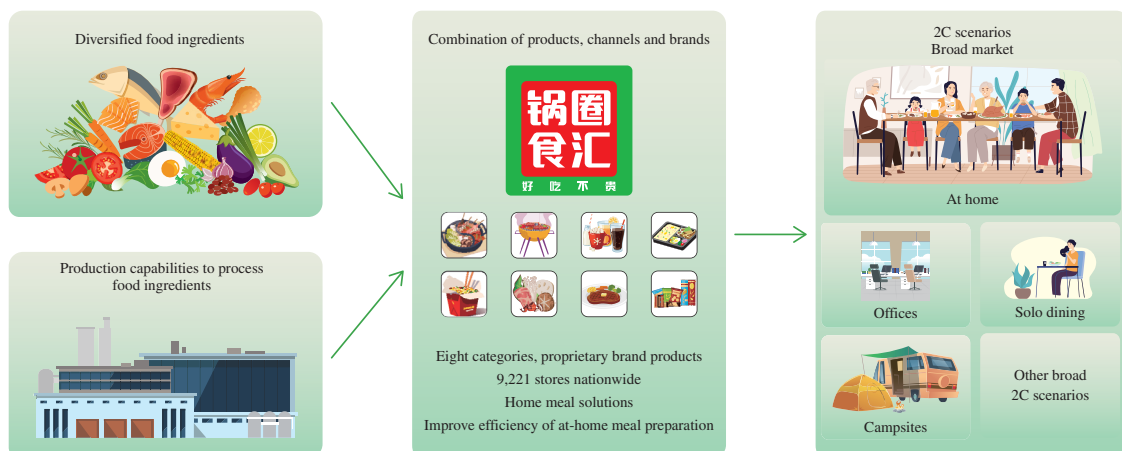
Our vision is to be the go-to brand for dining at home in China.

## OUR MISSION

Our mission is to source quality food ingredients globally and offer one-stop home meal solutions featuring diverse, convenient, high-quality and value-for-money products to meet consumers’ diverse needs under different dining scenarios, from urban centers to the most remote areas of China.

## OVERVIEW

We are the leading and a rapidly growing home meal solutions brand in China. Leveraging our robust supply chain and production capabilities, we offer a wide variety of home meal solution products under the Guoquan Shihui (鍋圈食匯) brand through a nationwide network of 9,221 retail stores in China as of December 31, 2022, serving diverse dining scenarios. Our business model is illustrated by the following diagram:



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We are the leading one-stop home meal solutions brand in China, ranking first among all retailers in China in 2022 in terms of retail sales value of home meal solution products, according to Frost & Sullivan. We strategically entered into China’s home meal solutions market specializing in at-home hotpot and barbecue products and were the largest at-home hotpot and barbecue brand in China in 2022 in terms of retail sales value, according to Frost & Sullivan. As a testament to our brand loyalty, over 95% of respondents were satisfied with their purchases with us and are willing to purchase our products again in the future, according to consumer surveys conducted by Frost & Sullivan in February 2023.

We established the largest retail store network offering one-stop home meal solutions in China as of December 31, 2022 in terms of number of retail stores, according to Frost & Sullivan. With a network of 9,221 retail stores across China as of December 31, 2022, we offer both online and offline shopping experience and amassed over 100 million orders in 2022 alone.

We are also devoted to developing products under our proprietary brand name carrying the Guoquan Shihui logo. Our products are known for being tasty, convenient, value-for-money and of consistent quality. We were China’s largest home meal solutions retailer under proprietary brands in terms of retail sales value of proprietary brand products in 2022, according to Frost & Sullivan. We also rank first in terms of diversity of product portfolio among all major players in the home meal solutions market, according to consumer surveys conducted by Frost & Sullivan in February 2023.

The dining tables of Chinese people often showcase delicacies originated from different regions. It is not only where a family have their meals every day but is also an important place for people to have close exchanges with one another. At present, people principally dine in four ways, namely (i) buying groceries to cook at home, (ii) dining at restaurants, (iii) having food delivered from restaurants, and (iv) enjoying home meal solutions. China’s dining market grew at a CAGR of 7.9% since 2017, reaching a market size of RMB8,911.9 billion in 2021. With the development of China’s economy as well as changes in people’s lifestyles and consumption patterns, the ways in which Chinese people dine have been evolving and home meal solutions have emerged as a popular option, growing at a CAGR of 26.1% from 2017 to RMB290.3 billion in 2021.

Home meal solutions have distinct advantages over the other three dining options, each of which has its own set of challenges and drawbacks. Buying groceries to cook at home is often complicated, time-consuming and exhausting, thus increasingly incompatible with the fast-paced urban life. Dining at restaurants has a high time cost and can be unsustainable to go frequently. Food delivery and takeout can be unpredictable in terms of safety, taste, temperature and retention of original food flavor, especially for hotpot and barbecue products. Home meal solutions as the fourth dining option address these problems by striking the balance between nutrition, taste, hygiene and efficiency. Home meal solutions include ready-to-eat, ready-to-heat, ready-to-cook foods and prepared ingredients. Consumers can see and tailor what ingredients and flavors go into what they eat and can easily prepare a meal with minimal cooking skills. As different dining scenarios can be satisfied and a wide variety of foods and

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cuisines can be offered, meeting virtually all kinds of dining demand, this option has become more prominent and is expected to be the fastest growing segment of China’s dining industry from 2021 to 2026, according to Frost & Sullivan.

Consumer surveys conducted by Frost & Sullivan in February 2023 show that over 95% of respondents are willing to increase the frequency of dining at home in the future. As the leading one-stop home meal solutions brand in China, we are well positioned to capture the significant growth potential in China’s home meal solutions market. We offer tasty, convenient and value-for-money home meal solutions underpinned by high quality food ingredients that have an immense potential for creating new and diverse products, to satisfy different dining scenarios. Under our franchise business model, we derive substantially all of our revenue from the sale of our products to franchisees, who open and operate franchised stores under our brand and sell our products to consumers. As of December 31, 2022, we established a network of 9,221 stores under our Guoquan Shihui brand in China, covering 29 provinces, autonomous regions and municipalities in China. We have also been developing online sales channels including our Guoquan APP, WeChat mini-program as well as on popular social commerce platforms such as Douyin. In addition, we partner with third-party food delivery platforms, such as Meituan and Ele.me to deliver our products to consumers. Leveraging the highly efficient management and operation of our supply chain and our digitalized management system, we are able to ensure product quality and safety, as well as achieve high operational efficiency from food production to retail sales.

We experienced significant growth during the Track Record Period. Our total revenue increased by 33.5% from RMB2,964.7 million in 2020 to RMB3,957.8 million in 2021 and further by 81.2% to RMB7,173.5 million in 2022. Our gross profit increased by 7.9% from RMB329.3 million in 2020 to RMB355.3 million in 2021, and further by 251.5% to RMB1,249.0 million in 2022. Our gross profit margin was 11.1%, 9.0% and 17.4% in 2020, 2021 and 2022, respectively. Our significant growth has enabled us to capitalize on the advantages of economies of scale. This has been accomplished through our rapid expansion, our focus on cost optimization, elevated brand recognition and our efforts to further advance our digitalization initiatives. As a result of these efforts, we broke even in 2022 with a profit of RMB241.0 million.

## OUR BRAND AND PRODUCTS

We operate our business under the Guoquan Shihui brand (“鍋圈食匯”), offering diversified, one-stop home meal solutions featuring tasty, convenient and value-for-money (“好吃方便還不貴”) products for consumers across a wide range of dining scenarios. Our product portfolio comprises eight categories including hotpot products, barbecue products, beverages, solo-dining meals, ready-to-cook meal kits, fresh produce, western cuisines and snacks, totaling 755 SKUs as of December 31, 2022, with more than 95% of our nationally available SKUs under our proprietary brand carrying the Guoquan Shihui logo.

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The following table sets forth our revenue breakdown from the sale of our products by category for the periods indicated:

	Year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentage)</i>					
Hotpot products	2,389,863	81.9	3,091,345	79.7	5,352,027	75.8
Barbecue products	170,486	5.8	294,157	7.6	714,223	10.1
Others <sup>(1)</sup>	357,589	12.3	494,702	12.7	992,524	14.1
<b>Total</b>	<b>2,917,938</b>	<b>100.0</b>	<b>3,880,204</b>	<b>100.0</b>	<b>7,058,774</b>	<b>100.0</b>

*Note:*

- (1) Others mainly include food products such as beverages, solo-dining meals, ready-to-cook meal kits, among others.

## OUR SALES CHANNELS AND STORE NETWORKS

As of December 31, 2022, we established a network of 9,221 stores under our brand in China, comprising 9,216 franchised stores and five self-operated stores.

During the Track Record Period, we derived substantially all of our revenue from the sales of our proprietary brand products primarily comprising hotpot and barbecue products to our franchisees, who operate franchised stores under our brand and sell our products to consumers. We enter into franchise agreements with franchisees granting them the right to operate franchised stores carrying our brand and trademarks. We do not charge or rely on franchise fees. In selecting our franchisees, we take into account their industry experience, financial circumstances, recognition of our value and management philosophy and their passion and long-term commitment towards operating our franchised stores.

During the Track Record Period, our franchised store network grew rapidly. The total number of our franchised stores increased from 1,441 as of January 1, 2020 to 9,216 as of December 31, 2022. Despite the rapid expansion of our store network across China, our strong continued support for our franchisees has resulted in a store closure rate as low as 3.0% for 2022.

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The following table sets forth the movement of our franchised stores during the Track Record Period:

	Year ended December 31,		
	2020	2021	2022
Number of franchised stores at the beginning of the period	1,441	4,296	6,864
Number of new franchised stores opened during the period	2,883	2,762	2,631
Number of franchised stores closed during the period	28	194	279
Net increase in number of franchised stores for the period	2,855	2,568	2,352
<b>Number of franchised stores at the end of the period</b>	<b>4,296</b>	<b>6,864</b>	<b>9,216</b>

In addition, as of December 31, 2022, we had five self-operated stores for the purpose of providing a model for franchised stores as well as acting as trial sites for innovative store operation and management strategies and tools, marketing activities, digital tools and new decoration styles, among others, before introducing them to our franchised stores.

To empower franchisees and facilitate their sales growth as well as further our consumer reach and offer more flexible shopping experience, we have established multiple online channels, including (i) partnering with third-party food delivery platforms such as Meituan and Ele.me, (ii) our Guoquan APP and WeChat mini-program, and (iii) Douyin.

## PRODUCTION AND SUPPLIERS

Adopting our one-product-one-factory model, we have strategically acquired food ingredient production capabilities to achieve stronger control over the production and supply of our staple products. As of December 31, 2022, we had three food ingredient production plants, Luyi Heyi (和一肉業) for the production of our beef products, Wanlai Wanqu (丸來丸去) for the production of meatballs, Luyi Chengming (澄明食品) for production of our hotpot soup base products, and had made investments in one of our suppliers, Daixiaji (逮蝦記) for the production of our shrimp paste products, in order to have better control of the production and supply of our major products. Meanwhile, to maximize production efficiency and broaden our product portfolio, we also engage reliable suppliers to produce our other products.

Our suppliers mainly include suppliers for food products, raw materials and warehousing and logistic services. We believe that our stable relationship with suppliers builds a strong foundation for our robust supply chain and high-quality products. As of December 31, 2022, we collaborated with more than 279 food ingredients suppliers, including renowned and household brand names such as Anjoy and Sanquan. We expand and upgrade our product portfolio frequently to meet evolving trends and consumer demands through our own R&D center as well as two collaborative R&D centers with our suppliers.

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Purchases from our largest supplier in each year during the Track Record Period amounted to RMB206.7 million, RMB217.4 million, and RMB339.1 million, accounting for 6.4%, 5.9%, and 5.3%, respectively, of our total purchase amount during the respective period. Purchases from our top five largest suppliers for the years ended December 31, 2020, 2021 and 2022 accounted for 24.6%, 22.0%, and 20.7%, respectively, of our total purchase amount during those periods.

### CUSTOMERS

During the Track Record Period, a significant majority of our customers are our franchisees. Revenue from our top five largest customers for the fiscal years ended December 31, 2020, 2021, and 2022 accounted for 2.3%, 1.9%, and 4.0%, respectively, of our total revenue during the same periods. We have a large customer base and we do not rely on any single customer. We generally require our franchisees to pay in advance before we deliver the products to them. We provide certain enterprise customers with a credit term up to 180 days subject to the creditworthiness of the relevant customers.

### OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and distinguished us from our competitors:

- China’s leading and rapidly growing home meal solutions brand, catering to the people’s evolving dining needs at home;
- Home meal solutions products with exceptional value-for-money and variety, improving the efficiency of at-home meal preparation;
- Largest home meal solutions retail store network in China fostering a lively community that brings warmth and convenience to people’s lives;
- Streamlined supply chain management and operation enabling cost optimization and ensuring product quality and safety;
- Digitalized management systems to achieve high operational efficiency; and
- Visionary management team with rich industry experience and knowledge leading the successful development of our business and corporate culture.

### OUR STRATEGIES

To achieve our vision and further solidify our market leadership, we intend to pursue the following strategies:

- Expand and deepen our omni-channel sales network to further our direct reach to consumers;

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- Continually extend to more consumption scenarios such as campsite dining and solo-dining to further cater to consumer needs;
- Strengthen our R&D and upstream supply chain to expand product offerings to reinforce our core competitive edges;
- Enhance digitalization to continuously increase overall operational efficiency and revenue, while ensuring food safety; and
- Continue to enhance our brand image and marketing efforts to increase consumer reach and stickiness.

## OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yang, Mr. Meng and Mr. Li, by virtue of the concert party agreement among them, were collectively interested in approximately 33.01% of our total issued share capital through Guoquan Industry (Shanghai) Co. Ltd. (鍋圈實業(上海)有限公司) (“Guoquan Industry”), and Mr. Yang was also interested in approximately 12.42% and 3.21% of our total issued share capital through Shanghai Guoxiaoquan Enterprise Management Center (Limited Partnership) (上海鍋小圈企業管理中心(有限合夥)) (“Guoxiaoquan EM”) and Shanghai Guoxiaoquan Agriculture Technology Service Center (Limited Partnership) (上海鍋小圈農業科技服務中心(有限合夥)) (“Guoxiaoquan Tech”) respectively. As such, Mr. Yang, Mr. Meng and Mr. Li were indirectly interested in a total of approximately 48.64% our total issued share capital.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] are not exercised), Mr. Yang, Mr. Meng and Mr. Li will be entitled to exercise or control the exercise of an aggregate of approximately [REDACTED]% of the voting power at general meetings of our Company. Therefore, Mr. Yang, Mr. Meng, Mr. Li, Guoquan Industry, Guoxiaoquan EM and Guoxiaoquan Tech will constitute a group of Controlling Shareholders of our Company under the Listing Rules. For further information, see “Relationship with Our Controlling Shareholders.”

## PRE-[REDACTED] INVESTORS

Since our incorporation, we have completed several rounds of equity financing in the past few years. For further information, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”



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### CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the completion of the [REDACTED] which will constitute our non-exempt continuing connected transactions under Chapter 14A of Listing Rules upon [REDACTED]. See “Connected Transactions” and “Waivers from Strict Compliance with the Listing Rules — Waiver in Respect of Non-exempt Continuing Connected Transactions” for further details.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth selected information from our consolidated results of operations for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any period are not necessarily indicative of our future trends.

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Revenue</b>	<b>2,964,743</b>	<b>3,957,804</b>	<b>7,173,457</b>
Cost of sales	(2,635,484)	(3,602,520)	(5,924,496)
<b>Gross profit</b>	<b>329,259</b>	<b>355,284</b>	<b>1,248,961</b>
Selling and distribution expenses	(220,134)	(629,440)	(624,577)
Administrative expenses	(161,441)	(355,676)	(403,686)
<b>Profit/(Loss) before tax</b>	<b>(43,183)</b>	<b>(596,468)</b>	<b>332,042</b>
Income tax (expense)/credit	(109)	135,607	(91,060)
<b>Profit/(Loss) for the year</b>	<b>(43,292)</b>	<b>(460,861)</b>	<b>240,982</b>

We achieved continuous revenue growth during the Track Record Period, primarily attributable to our expansion of store network and increasing sales of home meal products. We recorded net loss in 2020 and 2021, mainly attributable to our workforce growth and investment of resources in the promotional events with franchisees to support our store network expansion and build our brand awareness. We recorded a net profit in 2022, as we had substantially improved our operational efficiencies resulting from (i) cost control capabilities benefiting from our growing procurement volumes and enhanced economies of scale, and (ii) our increasingly recognized brand, which enabled us to optimize selling and distribution expenses.



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### NON-IFRS MEASURES

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted net profit/(loss) as additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, our presentation of adjusted net profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted net profit/(loss) (non-IFRS measure) as net profit/(loss) for the year adjusted by deducting fair value gains of unlisted convertible redeemable preferred shares held by us, and adding back share-based payment expenses and [REDACTED] expenses. We eliminate the potential impacts of these items that our management does not consider to be indicative of our operating performance, as they are either non-operating or one-off gains and expenses.

The following table reconciles our adjusted net profit/(loss) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs, which is net profit/(loss) for the year:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Reconciliation of net profit/(loss) to adjusted net profit/(loss)</b>			
Profit/(loss) for the year	(43,292)	(460,861)	240,982
Adjusted:			
Fair value changes of unlisted convertible redeemable preferred shares <sup>(1)</sup>	—	—	(58,167)
Share-based payment expenses <sup>(2)</sup>	16,415	10,262	4,604
[REDACTED] expenses <sup>(3)</sup>	—	—	[REDACTED]
<b>Adjusted net profit/(loss)<sup>(4)</sup></b>	<b>(26,877)</b>	<b>(450,599)</b>	<b>[REDACTED]</b>

*Notes:*

- (1) Fair value changes of unlisted convertible redeemable preferred shares mainly represent changes in the fair value of our investment in Dmall Inc.. Fair value changes of the preferred shares are not directly related to our ability to generate revenue from our daily operations.
- (2) Share-based payment expenses represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments and are not indicative of our core operating results.
- (3) [REDACTED] expenses mainly relate to our [REDACTED].
- (4) A non-IFRS measure.

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### Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document

	As of December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Total current assets	1,068,594	1,957,192	2,409,028
Total current liabilities	488,016	583,358	1,303,017
Total non-current assets	106,673	762,556	1,671,642
Total non-current liabilities	16,872	21,664	88,102
<b>Net current assets</b>	<b>580,578</b>	<b>1,373,834</b>	<b>1,106,011</b>
<b>Net assets</b>	<b>670,379</b>	<b>2,114,726</b>	<b>2,689,551</b>

Our net current assets decreased from RMB1,373.8 million as of December 31, 2021 to RMB1,106.0 million as of December 31, 2022, primarily due to (i) an increase of RMB396.5 million in trade payables; and (ii) an increase of RMB208.6 million in other payable and accruals. This was partially offset by (i) an increase of RMB445.8 million in inventories; and (ii) an increase of RMB119.4 million in trade receivables.

Our net current assets increased from RMB580.6 million as of December 31, 2020 to RMB1,373.8 million as of December 31, 2021, primarily due to (i) an increase of RMB526.8 million in cash and bank balances; (ii) an increase of RMB200.3 million in financial assets at fair value through profit or loss; and (iii) an increase of RMB185.2 million in prepayments, other receivables and other assets. This was partially offset by (i) a decrease of RMB45.0 million in inventories; (ii) an increase of RMB105.9 million in other payables and accruals; and (iii) an increase of RMB83.6 million in trade payables.

### Selected Items from the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Net cash flows (used in)/generated from operating activities	(541,502)	(598,027)	285,283
Net cash flows used in investing activities	(32,040)	(864,443)	(40,399)
Net cash flows from financing activities	576,839	1,777,147	32,529
<b>Cash and cash equivalents at the end of the year</b>	<b>100,821</b>	<b>417,573</b>	<b>694,954</b>

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### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates indicated, or for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
Revenue growth	N/A	33.5%	81.2%
Gross profit margin <sup>(1)</sup>	11.1%	9.0%	17.4%

(1) Gross profit margin is calculated by dividing gross profit by our revenue.

[REDACTED]

### [REDACTED] STATISTICS

The numbers in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are issued and sold in the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]
[REDACTED]	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] of our H Shares <sup>(1)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible liabilities per share <sup>(2)</sup>	HK\$[REDACTED]	HK\$[REDACTED]

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- (1) The calculation of [REDACTED] of our H Shares is based on [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED], without taking into account any allotment and issuance of H Shares upon exercise of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted net tangible per share is arrived at after the adjustment referred to in “Appendix II — Unaudited [REDACTED] Information.”

### [REDACTED] EXPENSES

The [REDACTED] expenses represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses, including [REDACTED] for the [REDACTED], will be approximately HK\$[REDACTED] million (including (i) [REDACTED] of approximately HK\$[REDACTED] million, and (ii) [REDACTED] of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountants, and other fees and expenses), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED], (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), of which approximately HK\$[REDACTED] million is directly attributable to the [REDACTED] of our [REDACTED] to the public and will be deducted from equity, and approximately HK\$[REDACTED] million is expected to be expensed upon the [REDACTED].

### FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]), after deducting the [REDACTED] and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming that the [REDACTED] is not exercised, we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to improve our supply chain capabilities by enhancing our production capacity and efficiency;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for investment in building home meal products processing centers and product R&D;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for expanding our store network;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for branding and marketing activities;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for enhancing our digital capabilities; and

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- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, as working capital and for general corporate uses.

See “Future Plans and Use of [REDACTED]” for further details.

## DIVIDEND POLICY

We did not declare or distribute any dividend to our Shareholders during the Track Record Period. However, we may distribute dividends in the future by way of cash or by other means that we consider appropriate. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends should be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions. PRC laws also require our subsidiaries to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

## RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to invest in our Shares. Some of the major risks that we face include: (i) Awareness, recognition and popularity of our brand, whether in our existing markets or new markets, are pivotal to the success of our business. Any negative impacts on our brand or reputation, or failure to effectively promote our brand, could adversely affect our business and results of operations; (ii) Our business is affected by changes in consumer tastes and dining preference, which we may not be able to anticipate and identify in a timely manner or at all. Our efforts in developing, launching and promoting new products, and diversifying our product and brand portfolio may not be successful, which may expose us to the risks of extra costs and expenses; (iii) Any failure by us or our suppliers to maintain effective quality control systems of our products could have a material adverse effect on our brand reputation, business and operations; (iv) Our extensive store network primarily comprises franchised stores that are operated by franchisees. Our results of operations are largely subject to the performance of the franchised stores. We cannot control and may not be able to effectively monitor the operations of these stores or maintain our current relationship with the franchisees; (v) Our revenue growth in the past was largely attributable to the rapid expansion of our store network. We cannot assure you that we will maintain our store network or successfully implement our expansion plan in the future; (vi) Our development strategies may not achieve the expected goals in the near term, or at all; (vii) We operate in a highly competitive and fast-changing market and may lose our market share if we fail to compete successfully; and (viii) If our suppliers do not deliver quality

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food ingredients and raw materials at competitive prices or in a timely manner due to deteriorated relationships with us or insufficient production capacity, we may experience supply shortages and increased procurement costs.

### IMPACT OF COVID-19

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, had materially and adversely affected the global and China’s economy. In response to COVID-19, the PRC government imposed certain restrictive measures such as quarantine, closure of workplaces and facilities, travel restriction and other related measures.

We took a series of measures in response to the outbreak of COVID-19 variants such as Delta and Omicron and the relevant restrictions. While certain of our stores experienced temporary closures due to the restrictive measures in certain cities, we obtained approval from local authorities to keep some of our stores open during the lockdown to guarantee key supplies for citizens. Meanwhile, we provided home delivery services through our online sales channels and via third-party food delivery platforms. In addition, we took a series of measures to minimize the impact of the COVID-19 pandemic on our production and supply chain. These measures included obtaining permits for continuous production, enforcing prevention and control measures, and maintaining a high inventory level of finished goods. As a result, our production, supply chain and daily operations had not been materially and adversely affected during the Track Record Period.

There remain uncertainties associated with the COVID-19, which may have potential continuing impacts in the future if the pandemic and the resulting disruption were to extend over a prolonged period. See “Risk Factors — Risks Relating to Our Business and Industry — Outbreak, epidemic or pandemic of infectious or contagious diseases as well as negative publicity relating to such incidents may cause interruptions to our supply chain, lead to the reduction in our consumer traffic and consequently impose adverse impact on our results of operations” and “Financial Information — Impact of COVID-19.”

### RECENT DEVELOPMENT

Since December 31, 2022 and up to the Latest Practicable Date, we continued to expand our store network. The total number of stores in our network increased from 9,221 as of December 31, 2022 to 9,645 as of the Latest Practicable Date. After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2022, being the end date of the periods reported in the Accountants’ Report set out in Appendix I, and there is no event since December 31, 2022 that would materially affect the information shown in the Accountants’ Report set out in Appendix I.