Application Proof of

巴奴毛肚火锅 BANU HOTPOT

BANU INTERNATIONAL HOLDING LTD
巴奴国际控股有限公司

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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BANU INTERNATIONAL HOLDING LTD
巴奴国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$[REDACTED] per Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors, Overall Coordinators,* [REDACTED]**

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OVERVIEW

Who We Are

We are the largest premium hotpot brand in China. Anchored in a product-centric philosophy (產品主義) and supported by a differentiated market positioning, we have established ourselves as the leading player in China's premium hotpot market, offering signature items such as beef tripe (毛肚) and wild mushroom broth (菌湯). According to Frost & Sullivan, we ranked first in China's premium hotpot market by revenue with a 3.1% market share in 2024. As of the Latest Practicable Date, our self-operated restaurant network comprised 145 restaurants across 39 cities in China, representing a 74.7% increase from the end of 2021, underscoring our ability to scale effectively in the premium consumption segment. As of the same date, we operated five integrated central kitchens also serving as both production and logistics hubs, and one specialized ingredient processing facility, supporting our operations across 14 provinces and municipalities in China.

Brand Origin and Growth History

Mr. Du Zhongbing (杜中兵), our founder, has deep roots in the catering industry. His passion and dedication to hotpot has shaped *Banu*'s unique brand image and development trajectory. This entrepreneurial journey began with a simple and sincere aspiration of Mr. Du — to prepare quality hotpot for his family and friends. In 2001, Mr. Du entered the catering industry, opening the first hotpot restaurant in Anyang, Henan. From there, the dream of "Exceptional Hotpot" took root and began to grow.

Our brand name "*Banu*" originates from the culture of Chongqing boat trackers, who are considered pioneers of Sichuan-Chongqing hotpot. Mr. Du has infused into our brand the spirit of unity and perseverance embodied by these trackers, who were known for working together and moving forward against the current. He hopes that *Banu* will represent not only a hotpot restaurant, but also a vessel for carrying forward this spirit. We remain committed to promoting a culture of healthy and premium dining, striving to become the leading hotpot brand in China and to bring beef tripe hotpot onto the global stage as a symbol of Chinese culinary culture.

From the outset of the brand, Mr. Du departed from then-prevailing industry practices, such as using caustic soda method to process beef tripe and reusing oil in soup bases, and instead advocated for a healthier approach to hotpot dining. As early as 2006, when we had fewer than ten restaurants, we established an ingredient processing facility in Chongqing to ensure product quality at the source. In 2009, we expanded into Zhengzhou, Henan, marking the beginning of our nationwide expansion. In 2012, we officially changed our name to "Banu Tripe Hotpot" to highlight beef tripe as our signature dish and to establish a clear brand strategy and differentiated market positioning. Over time, customers have gradually developed a strong brand association — from hotpot to beef tripe, and from beef tripe to Banu.

That same year, we opened a restaurant in Wuxi, Jiangsu, laying the foundation for our entry into the Eastern China market. In 2018, we entered a new phase of development with the launch of our first restaurant in Beijing, located in U Town Shopping Center. Although we had only one restaurant in the city at the time, we established a local central kitchen in Northern China to safeguard product quality on a daily-delivery basis. In 2021, we built a central kitchen in Southern China to support our first restaurant in Shenzhen and enhance regional supply capabilities. In 2023, we further established a Southwest central kitchen, enabling us to source quality local vegetables from Yunnan and distribute them to our restaurants nationwide, thereby enriching our product portfolio with regional characteristics.

Treat Your Friends to *Banu* (請朋友, 吃巴奴)

The product-centric philosophy has always been at the heart of Mr. Du's vision. With a long-standing focus on the premium hotpot segment, he has led the team in sourcing quality ingredients directly from their places of origin and meticulously crafting each dish to earn widespread customer recognition. As a result, the phrase "Treat Your Friends to *Banu*" has become a spontaneous expression among many of our customers. At *Banu*, customers not only enjoy a relaxed and sincere social experience with friends, but also savor our signature dish — beef tripe — along with a curated selection of other premium offerings. This experience enables customers to express appreciation for their companions and strengthen mutual bonds in a natural and pressure-free setting. The appeal of "Treat Your Friends to *Banu*" continues to grow among a widening customer base that values quality and authenticity.

Why We Adhere to a Product-Centric Philosophy

Products are the cornerstone of the catering industry. In dining consumption scenarios, we believe customers prioritize quality products over additional services or features. Guided by a deep respect for the fundamentals of the catering industry and a profound understanding of its trend, our founder, Mr. Du, has consistently adhered to a product-centric philosophy — one that emphasizes a return to the essence of dining. This philosophy reflects our unwavering commitment to quality and our goal of delivering new values that exceed customer expectations.

We build our business and company around this philosophy. From product development to product presentation, from brand building to restaurant operations, from ingredient processing to our third-generation supply chain, from online engagement to offline experience, and from the moment a customer enters a restaurant to the moment they leave — we place the product at the center. By continuously enhancing our organizational capabilities, refining every customer touchpoint, and optimizing the entire customer journey, we strive to foster trust and affinity for *Banu*.

Market Opportunities

We have witnessed a shift in customer demand for hotpot in the current restaurant landscape, particularly in the post-pandemic period. As people place greater emphasis on caring for family and friends, health consciousness, and food quality, traditional hotpot brands that merely satisfy basic nutritional needs are increasingly falling short of expectations. This rising pursuit of quality has created ample opportunities for the growth of premium hotpot brands, such as us. With hotpot's distinctive "cook-as-you-eat" format, it naturally showcases the freshness and quality of its ingredients, making it well positioned to meet the increasing demand for quality. Compared with traditional hotpot, premium hotpot brands, such as *Banu*, typically adopt higher standards in ingredient sourcing, health and safety protocols, and overall experience, enabling them to better serve evolving customer preferences for health, quality, service, as well as meet their needs to socialize with friends.

Amid intensifying competition across the industry, many players in the catering market began to focus on pricing strategies and cost management. In sharp contrast, we have remained firmly committed to a product-centric philosophy that emphasizes quality control and long-term brand development. As the hotpot sector continues to move toward greater branding and premiumization, we believe our distinct product positioning, stable supply chain, and ongoing innovation have enabled us to build strong customer recognition. This market environment and customer trend offer a solid foundation for brand development and a favorable landscape for sustained growth through product innovation, network expansion, and supply chain advancement.

According to Frost & Sullivan, China's hotpot industry is expected to maintain steady growth from 2024 to 2029 with a CAGR of approximately 6.5%. Inside this market, the premium hotpot segment is projected to grow even faster at a CAGR of 7.8%. We believe that, with our established brand strengths and organizational capabilities, we are well-positioned to continue benefiting from these trends and to further solidify our leadership in the premium hotpot segment.

Restaurant Network Expansion

Our total number of self-operated restaurants has grown from 83 as of January 1, 2022 to 145 as of the Latest Practicable Date, representing a growth rate of 74.7%. The continuous growth in the number of restaurants reflects our sustained expansion capability in the premium hotpot sector in China.

As a key example, as of the Latest Practicable Date, we operated 53 restaurants in Henan and 92 restaurants across other provinces in China, demonstrating our ability to replicate the success of our "Henan Model" in markets beyond our core region. As of the Latest Practicable Date, by city tier, in addition to the 31 restaurants we have opened in first-tier cities, we have a total of 114 restaurants in second-tier and lower-tier cities, accounting for 78.6% of our total number of restaurants as of the same date. Our premium hotpot positioning and pricing strategy have not only gained recognition in first-tier markets but also met the demand for premium products among customers in second-tier and lower-tier cities, demonstrating broad market adaptability and replicability.

Our new restaurant expansion continues to center around our third-generation supply chain system, in line with our strategy of building infrastructure ahead of expansion. We have consistently invested in the development of central kitchen capabilities to ensure stable regional supply of ingredients featuring our daily delivery capabilities and consistent product quality. As of the Latest Practicable Date, we had established five central kitchens, providing strong backend support for our ongoing expansion across the relevant regional markets.

Our Growth and Financial Performance

During the Track Record Period, we have maintained steady growth and demonstrated impressive financial performance. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, we achieved revenues of RMB1,433.1 million, RMB2,111.6 million, RMB2,307.3 million, RMB563.9 million and RMB708.7 million, respectively. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, we recorded a loss of RMB5.2 million, a profit of RMB101.7 million, a profit of RMB122.9 million, a profit of RMB35.0 million and a profit of RMB55.2 million, respectively. During the same period, our adjusted profit for the year/period (non-IFRS measure) was RMB41.5 million, RMB143.7 million, RMB195.9 million, RMB57.5 million and RMB76.7 million, respectively.

We have consistently achieved net inflows of operating cash, amounting to RMB262.4 million, RMB428.6 million, RMB494.7 million, RMB161.4 million and RMB149.0 million in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively.

During the Track Record Period, we significantly enhanced our overall operational efficiency through standardized and refined operations. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our restaurant operating profit margins were 15.2%, 21.3%, 21.5%, 23.1%, and 23.7%, respectively. Our overall table turnover rate increased from 3.0 in 2022 to 3.7 in the first quarter of 2025. At the same time, we demonstrated a stronger operating efficiency in second-tier and below cities. In the first quarter of 2025, our restaurant operating profit margin in first-tier cities is 20.7%, and the restaurant operating profit margin in second-tier and below cities was 24.5%, both of which are higher than the industry average in China, according to Frost & Sullivan.

We have continuously consolidated our leading position in the premium hotpot sector, maintaining a good momentum in revenue growth, profitability, cash flow performance, and operational efficiency, reflecting our strong operational resilience and sustainable growth potential.

RESTAURANT PERFORMANCE

During the Track Record Period, we generated substantially all of our revenue from restaurant operation related services in China. We also generated a small portion of revenue from sales of condiment products and food ingredients and others. The following table sets forth a breakdown of our revenue by business in absolute amounts and as a percentage of our total revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Restaurant operation related services	1,397,111	97.5	2,044,928	96.8	2,253,587	97.7	546,016	96.8	696,243	98.2
Sales of condiment products and food ingredients	31,752	2.2	58,904	2.8	47,357	2.0	16,342	2.9	10,971	1.6
Others[1]	4,275	0.3	7,737	0.4	6,325	0.3	1,547	0.3	1,518	0.2
Total revenue	**1,433,138**	**100.0**	**2,111,569**	**100.0**	**2,307,269**	**100.0**	**563,905**	**100.0**	**708,732**	**100.0**

Note:

(1) Others primarily represent revenue from sublease of a few of our leased properties and kitchen waste disposal.

We operate all restaurants under the self-operated model to ensure high consistency in products, services, and restaurant management. Through systematic restaurant expansion and standardized operation, we achieve continuous brand value and stable expansion. As of the Latest Practicable Date, we had 145 self-operated restaurants in 39 cities nationwide.

The following table sets forth the changes in the number of our restaurants during the Track Record Period.

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Beginning number of restaurants	83	86	111	144
Number of restaurant openings for the year/period	11	25	35	3
Number of restaurant closures for the year/period	8	–	2	3
Ending number of restaurants	86	111	144	144

Key Performance Indicators

The table below sets out certain key performance indicators of our restaurants by city tiers during the Track Record Period.

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
Average spending per customer[(1)] (RMB)					
First-tier cities	183	179	165	176	159
Second-tier cities	150	150	141	148	138
Third and below tier cities	126	128	123	128	119
Overall	**147**	**150**	**142**	**148**	**138**

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
Total number of customers served ('000)					
First-tier cities	1,484	2,960	3,495	753	1,061
Second-tier cities	5,184	7,509	9,265	2,057	3,081
Third and below tier cities	3,179	3,859	4,067	1,056	1,271
Overall	**9,847**	**14,328**	**16,827**	**3,866**	**5,413**
Table turnover rate(2) (times/day)					
First-tier cities	3.9	3.6	3.6	3.2	4.1
Second-tier cities	2.9	3.0	3.1	2.9	3.6
Third and below tier cities	2.8	3.0	3.1	3.1	3.7
Overall	**3.0**	**3.1**	**3.2**	**3.0**	**3.7**
Average number of customers per day per restaurant(3)					
First-tier cities	426	389	351	336	393
Second-tier cities	399	409	388	391	429
Third and below tier cities	354	384	357	388	422
Overall	**387**	**398**	**372**	**378**	**420**
Average daily restaurant sales(4) (RMB)					
First-tier cities	77,853	69,863	57,998	59,288	62,364
Second-tier cities	59,731	61,356	54,665	58,023	59,041
Third and below tier cities	44,695	49,234	43,813	49,840	50,273
Overall	**56,903**	**59,766**	**52,667**	**56,122**	**57,688**

Notes:

(1) Calculated by dividing sales generated from customers' consumption at our restaurants during the year/period by total number of customers served during the year/period.

(2) Calculated by dividing the total number of tables served during the year/period by the sum of the products of the number of operating days and the table count for each of our restaurants during the year/period.

(3) Calculated by dividing the total number of customers served during the year/period by the total number of restaurant operation days for all of our restaurants during the year/period.

(4) Calculated by dividing the sales generated from customers' consumption at our restaurants during the year/period by the total number of restaurant operation days during the year/period.

Same Store Sales

The following table sets forth the same store sales of our *Banu* restaurants during the Track Record Period.

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024	2024	2025
Number of same stores[(1)]						
First-tier cities	3		12		17	
Second-tier cities	17		35		45	
Third and below tier cities	16		20		22	
Total	**36**		**67**		**84**	
Same store sales[(2)] (RMB'000)						
First-tier cities	80,003	90,278	298,745	254,574	87,857	95,335
Second-tier cities	291,146	358,014	753,427	690,018	227,389	228,261
Third and below tier cities	191,937	242,205	349,646	317,924	96,190	96,520
Total	**563,086**	**690,497**	**1,401,818**	**1,262,516**	**411,436**	**420,116**
Same store sales growth rate (%)						
First-tier cities	12.8		(14.8)		8.5	
Second-tier cities	23.0		(8.4)		0.4	
Third and below tier cities	26.2		(9.1)		0.3	
Overall	**22.6**		**(9.9)**		**2.1**	
Same store table turnover rate[(3)] (times/day)						
First-tier cities	4.2	4.0	3.7	3.5	3.2	4.1
Second-tier cities	2.6	2.7	3.0	3.0	3.0	3.4
Third and below tier cities	2.6	2.8	3.1	3.0	3.1	3.5
Overall	**2.7**	**2.8**	**3.2**	**3.1**	**3.1**	**3.6**

Notes:

(1) Consisting of restaurants that were open for more than 300 days within a year (or more than 75 days within a quarter) under comparison, and that maintained the same number of tables during the years/periods being compared.

(2) Refers to our revenue (excluding revenue from the sales of condiment products and food ingredients) at our same stores during the year/period indicated.

(3) Calculated by dividing the total number of tables served during the year/period by the sum of the products of the number of operating days and the table count for each of our same stores during the year/period.

Same store sales are primarily affected by table turnover rates and average spending per customer. Same store sales increased by 22.6% from 2022 to 2023, primarily due to our normalized operations and enhanced operational capabilities post-pandemic, which led to a significant recovery in customer traffic across all of our major markets. Moreover, according to Frost & Sullivan, the catering industry in China showed strong performance in 2023, which was mainly driven by a surge in consumer spending since the recovery from the pandemic. In contrast, same store sales decreased by 9.9% from 2023 to 2024, primarily due to a decrease in our average spending per customer from RMB150 in 2023 to RMB142 in 2024, as a result of our proactive efforts to reach a larger customer base mainly through adjusted product mix and expand our competitive edge in response to the market trends. Nevertheless, according to Frost & Sullivan, our same store sales performance in 2024 outperformed that of most of our peers. Same store sales increased by 2.1% from the three months ended March 31, 2024 to the same period in 2025, mainly due to an increase in our overall table turnover rate from 3.1 to 3.6, although the average spending per customer declined from RMB148 to RMB138 over the same period.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our peers: (i) China's No. 1 premium hotpot brand with growth potential, differentiated positioning, and product capabilities; (ii) our adherence to a product-centric philosophy, focus on the fundamentals of dining, and leadership in setting industry standards; (iii) an integrated and product-driven customer experience across online and offline channels; (iv) an optimal restaurant profitability model supporting rapid cross-regional expansion; (v) an efficient supply chain platform enabled by an integrated digital system; and (vi) a visionary founder with industry insights and a diversified, professional management team. See "Business — Our Competitive Strengths."

OUR GROWTH STRATEGIES

We intend to achieve our mission and further solidify our unique position by pursuing the following strategies: (i) replicating a proven model and continuously expanding restaurant network to drive stable business growth; (ii) continue enhancing product research and development and innovation, and strengthen supply chain to improve operational efficiency; (iii) continue investing in and deepening digital enablement to enhance operational management; and (iv) continue investing in brand building to strengthen brand image. See "Business — Our Growth Strategies."

COMPETITION

China's hotpot market is relatively fragmented while highly competitive. According to Frost & Sullivan, the aggregate market share of top five hotpot brands was approximately 8.1% in terms of revenue in 2024. As leading brands continue to scale up their operations, strengthen their supply chain integration capabilities and enhance their brand influence, China's hotpot industry is witnessing a steady trend toward higher market concentration. According to Frost & Sullivan, China's premium hotpot market is also fragmented, where the aggregate market share of top five premium hotpot brands was approximately 9.1% in terms of revenue in 2024.

According to Frost & Sullivan, we were the third largest brand in China's hotpot market in terms of revenue in 2024 with a market share of approximately 0.4% and the largest brand in China's premium hotpot market in terms of revenue in 2024 with a market share of approximately 3.1%. Built on our clear brand positioning, consistent product and service quality and efficient supply chain system, we continue to increase our market share and brand influence to maintain our competitive edge in the fiercely competitive market. See "Industry Overview."

OUR CUSTOMERS

During the Track Record Period, our customers consisted primarily of (i) individuals dining at our restaurants and (ii) corporate customers in China purchasing condiment products and food ingredients from us. In 2022, 2023 and 2024 and the three months ended March 31, 2025, the number of individual customers we served at our restaurants was approximately 9.8 million, 14.3 million, 16.8 million and 5.4 million, respectively, and the number of corporate customers we served was 33, 46, 19 and eight, respectively.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, revenue from our five largest corporate customers in each period during the Track Record Period was RMB27.2 million, RMB55.2 million, RMB43.2 million and RMB9.9 million, respectively, accounting for 1.9%, 2.6%, 1.9% and 1.4% of our total revenue for the same periods, respectively. During the Track Record Period, we were no subject to any material customer concentration risk.

OUR SUPPLIERS

During the Track Record Period, our suppliers were mainly food products and ingredients providers in China. As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had 263, 301, 346 and 247 qualified suppliers of food products and ingredients, respectively. As of March 31, 2025, we had established long-term business relationships with our five largest suppliers in each period during the Track Record Period.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB96.4 million, RMB158.7 million, RMB102.8 million and RMB36.5 million, respectively, accounting for 20.0%, 22.7%, 13.9% and 16.0% of our total purchases for the same periods, respectively.

LEASED PROPERTIES

As of the Latest Practicable Date, we leased 163 properties with a total gross floor area of 113,481.7 square meters from third parties for operating purposes. These properties are primarily utilized for restaurant operations, central kitchens and office spaces.

The following table sets forth a breakdown of the number of leases by remaining term as of the Latest Practicable Date.

Remaining term	Number of leases
Less than one year	17
One to two years	21
Two to five years	74
Over five years	51
Total	**163**

See "Business — Properties."

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See the section headed "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include: (i) our future growth depends on our ability to expand new restaurants and maintain profitability; (ii) we face intense competition in the hotpot industry in China; (iii) our new restaurants may not be able to successfully enter into new markets and achieve profitability; (iv) we may not be able to maintain and increase the sales volume and profitability of the existing restaurants; (v) failures of our food quality control system could have a material and adverse effect on our reputation, financial condition and results of operation; (vi) if the quality of our dining experience declines, our restaurants may not continue to be successful; (vii) we may fail to maintain or enhance brand recognition or reputation or may face negative publicity related to our brand; and (viii) we may experience significant liability claims or complaints from customers, or negative publicity involving our products, our service, our restaurants or our industry.

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report included in Appendix I to this Document. Our consolidated financial statements are prepared in accordance with IFRSs. Our historical results are not necessarily indicative of results expected for future periods. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Document, including the related notes, as well as the section headed "Financial Information."

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of results of operation and as percentages of our total revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Revenue	1,433,138	100.0	2,111,569	100.0	2,307,269	100.0	563,905	100.0	708,732	100.0
Other revenue	12,109	0.8	21,650	1.0	37,373	1.6	5,927	1.1	4,742	0.7
Raw materials and consumables used	(484,069)	(33.8)	(701,333)	(33.2)	(740,893)	(32.1)	(179,837)	(31.9)	(229,112)	(32.3)
Staff costs	(467,529)	(32.6)	(635,116)	(30.1)	(774,962)	(33.6)	(189,454)	(33.6)	(242,260)	(34.2)
Depreciation of right-of-use assets	(108,297)	(7.6)	(121,808)	(5.8)	(132,685)	(5.8)	(31,983)	(5.7)	(35,256)	(5.0)
Other rentals and related expenses	(29,049)	(2.0)	(44,248)	(2.1)	(55,665)	(2.4)	(10,959)	(1.9)	(18,495)	(2.6)
Depreciation and amortization of other assets	(111,274)	(7.8)	(108,716)	(5.1)	(104,760)	(4.5)	(27,690)	(4.9)	(28,924)	(4.1)
Utility expenses	(63,485)	(4.4)	(84,399)	(4.0)	(89,980)	(3.9)	(20,478)	(3.6)	(23,894)	(3.4)
Traveling and related expenses	(5,080)	(0.4)	(13,630)	(0.6)	(13,248)	(0.6)	(2,726)	(0.5)	(3,007)	(0.4)
Advertising and promotion expenses	(46,087)	(3.2)	(76,567)	(3.6)	(100,868)	(4.4)	(17,733)	(3.1)	(24,224)	(3.4)
Other expenses	(80,674)	(5.6)	(142,326)	(6.7)	(114,217)	(5.0)	(26,917)	(4.8)	(23,895)	(3.4)
Share of (losses)/ profits of associates	(1,714)	(0.1)	402	0.0	35	0.0	(4)	0.0	(205)	0.0
Other net gains/(losses)	8,179	0.5	(5,926)	(0.3)	(1,862)	(0.1)	2,335	0.4	(369)	(0.1)
Finance costs	(23,597)	(1.6)	(26,578)	(1.3)	(25,421)	(1.1)	(6,518)	(1.2)	(6,086)	(0.9)
Changes in carrying amount of the redemption liabilities	(24,699)	(1.7)	(23,747)	(1.1)	(21,132)	(0.9)	(5,445)	(1.0)	(4,596)	(0.6)
Impairment losses of property, plant and equipment	–	–	(9,176)	(0.4)	(3,472)	(0.2)	(1,652)	(0.3)	–	–
Profit before taxation	**7,872**	**0.5**	**140,051**	**6.6**	**165,512**	**7.1**	**50,771**	**9.0**	**73,151**	**10.3**
Income tax	(13,062)	(0.9)	(38,335)	(1.8)	(42,572)	(1.8)	(15,743)	(2.8)	(17,989)	(2.5)
Profit/(loss) for the year/period	**(5,190)**	**(0.4)**	**101,716**	**4.8**	**122,940**	**5.3**	**35,028**	**6.2**	**55,162**	**7.8**

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Attributable to:										
Equity shareholders of our Company	(5,019)	(0.4)	101,716	4.8	122,940	5.3	35,028	6.2	55,162	7.8
Non-controlling interests	(171)	(0.0)	–	–	–	–	–	–	–	–
Profit/(loss) for the year/period	**(5,190)**	**(0.4)**	**101,716**	**4.8**	**122,940**	**5.3**	**35,028**	**6.2**	**55,162**	**7.8**

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted profit for the year/period (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. The adjusted profit for the year/period (non-IFRS measure) reflects our net profit for the year before equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, [**REDACTED**], and the one-off cash bonuses awarded in 2024 to incentivize key employees in preparation of our [**REDACTED**]. The adjusted net profit margin (non-IFRS measure) equals the adjusted profit for the year/period (non-IFRS measure) divided by revenue for the same year/period and multiplied by 100%. The adjusted profit for the year/period (non-IFRS measure) and the adjusted net profit margin (non-IFRS measure) are not standard financial measures under IFRSs. We believe that adjusted profit for the year/period (non-IFRS measure) and the adjusted net profit margin (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our combined results of operation in the same manner as it helped our management. However, such non-IFRS financial measures we presented may not be directly comparable to similarly titled measures presented by other companies. The use of such non-IFRS financial measures has limitations as an analytical tool. You should not consider them in isolation from, or as substitute for analysis of, our results of operation or financial condition as reported under IFRSs.

The following tables present a reconciliation of adjusted profit for the year/period (non-IFRS measure) to profit/(loss) for the year/period as well as the adjusted net profit margin (non-IFRS measure) for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit/(loss) for the year/period	**(5,190)**	**101,716**	**122,940**	**35,028**	**55,162**
Equity-settled share-based payment expenses	21,946	17,242	23,380	17,074	16,313
Changes in carrying amount of the redemption liabilities	24,699	23,747	21,132	5,445	4,596
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
One-off bonuses to key employees	–	–	27,949	–	–
Adjusted profit for the year/period (non-IFRS measure)	**41,455**	**143,742**	**195,855**	**57,547**	**76,676**
Adjusted net profit margin (non-IFRS measure)	2.9%	6.8%	8.5%	10.2%	10.8%

Summary Consolidated Statements of Financial Position

The following table sets forth our consolidated statement of financial position as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets:				
Property, plant and equipment	308,951	339,301	373,182	363,003
Right-of-use assets	452,980	452,096	442,100	413,929
Intangible assets	6,871	6,336	5,032	5,169
Interest in associates	1,503	1,905	2,465	6,748
Deferred tax assets	65,935	67,043	66,547	62,465
Rental deposits	19,652	24,291	28,373	28,631
Prepayments	856	1,662	3,854	2,682
Total non-current assets	**856,748**	**892,634**	**921,553**	**882,627**
Current assets:				
Inventories	146,002	159,685	124,590	96,599
Prepayments, trade and other receivables	143,686	152,636	161,218	153,148
Current tax recoverable	5,652	4,259	5,884	5,213
Restricted bank deposits	17,204	21,700	21,700	21,700
Cash and cash equivalents	332,183	268,842	223,083	272,550
Financial assets at fair value through profit or loss ("FVPL")	–	115,223	327,531	366,992
Total current assets	**644,727**	**722,345**	**864,006**	**916,202**
Current liabilities:				
Trade and other payables	121,715	177,281	216,449	238,606
Contract liabilities	50,179	56,956	59,463	63,021
Lease liabilities	111,911	122,325	123,579	126,746
Bank loans	100,117	–	–	–
Redemption liabilities	413,295	327,113	301,482	306,078
Current tax payable	5,827	14,224	15,936	21,826
Total current liabilities	**803,044**	**697,899**	**716,909**	**756,277**
Net current (liabilities)/assets	**(158,317)**	**24,446**	**147,097**	**159,925**
Total assets less current liabilities	**698,431**	**917,080**	**1,068,650**	**1,042,552**

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities:				
Lease liabilities	358,892	351,663	348,571	320,493
Provisions	5,313	6,381	7,314	7,819
Total non-current liabilities	**364,205**	**358,044**	**355,885**	**328,312**
NET ASSETS	**334,226**	**559,036**	**712,765**	**714,240**
CAPITAL AND RESERVES				
Share capital	34	39	39	39
Reserves	334,192	558,997	712,726	714,201
TOTAL EQUITY	**334,226**	**559,036**	**712,765**	**714,240**

We had net current liabilities of RMB158.3 million as of December 31, 2022, primarily because we had redemption liabilities of RMB413.3 million in relation to redemption rights granted to certain investors in our Series Angel and Series A financing and recorded current portion of bank loans of RMB100.1 million as of the same date. We reverted to a net current asset position and had net current assets of RMB24.4 million as of December 31, 2023. See "Financial Information — Liquidity and Capital Resources — Current Assets and Current Liabilities."

Summary Consolidated Cash Flows

The following table sets forth our cash flows for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash generated from operating activities	262,389	428,573	494,721	161,400	148,997
Net cash used in investing activities	(107,163)	(252,995)	(360,978)	(120,015)	(62,588)
Net cash generated from/(used in) financing activities	56,520	(239,465)	(180,588)	(28,975)	(36,597)
Net increase/(decrease) in cash and cash equivalents	**211,746**	**(63,887)**	**(46,845)**	**12,410**	**49,812**
Cash and cash equivalents at January 1	120,437	332,183	268,842	268,842	223,083
Effect of foreign exchange rate changes	–	546	1,086	(361)	(345)
Cash and cash equivalents at December 31/March 31	**332,183**	**268,842**	**223,083**	**280,891**	**272,550**

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the year ended/As of December 31,			For the three months ended/As of March 31,
	2022	2023	2024	2025
Adjusted net profit margin (non-IFRS measure)(1)	2.9%	6.8%	8.5%	10.8%
Current ratio(2)	0.8	1.0	1.2	1.2
Quick ratio(3)	0.6	0.8	1.0	1.1

Notes:

(1) Equals adjusted profit/(loss) for the year/period (non-IFRS measure) divided by revenue for the same year/period and multiplied by 100%.

(2) Equals current assets divided by current liabilities as of the same date.

(3) Equals current assets less inventories and divided by current liabilities as of the same date.

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

Immediately prior to the [**REDACTED**], Mr. Du and Ms. Han, being spouses, were able to control approximately 83.38% of the voting rights in our Company in total, through (i) D&H (BVI) LTD holding 75.26% of the issued Share capital of our Company; and (ii) BANU UNITED LTD holding 8.11% of the issued Share capital of our Company.

D&H (BVI) LTD is held by (a) DU HAN LTD as to 10% which is wholly owned by Mr. Du and Ms. Han collectively, and (b) AYCF Concentric LTD. as to 90% which is ultimately wholly controlled by a trust in which Mr. Du is the settlor, with his family members as the beneficiaries. In addition, Mr. Du, as the sole director of BANU UNITED LTD manages the affairs and controls the voting rights of the Shares held by BANU UNITED LTD. Accordingly, Mr. Du and Ms. Han, D&H (BVI) LTD, DU HAN LTD and AYCF Concentric LTD., and BANU UNITED LTD, form a group of Controlling Shareholders of our Company.

Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme), our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as a group of Controlling Shareholders (as defined under the Listing Rules) of our Company.

[**REDACTED**] Investments

We conducted multiple [**REDACTED**] Investments with the [**REDACTED**] Investors, including but not limited to Tomato Capital. For further details of the identity and background of the [**REDACTED**] Investors and the principal terms of the [**REDACTED**] Investments, see "History, Reorganization and Corporate Structure — [**REDACTED**] Investments".

[**REDACTED**]

[**REDACTED**]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that the net [**REDACTED**] of the [**REDACTED**] which we will receive, assuming the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**] stated in this Document), will be HK$[**REDACTED**], after deduction of [**REDACTED**] and [**REDACTED**] and estimated [**REDACTED**] payable by us in connection with the [**REDACTED**].

We plan to use the net [**REDACTED**] we will receive from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for expanding our self-operated restaurant network, thereby broadening our geographical coverage and deepening our market penetration.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used to enhance the digitalization of our business management and restaurant operations.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for brand building purposes.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for the supply chain enhancement, including building and expansion of our central kitchens and satellite warehouses.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

DIVIDENDS

Our Company is a holding company registered by way of continuation under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will depend on the availability of dividends received from our subsidiaries.

In January 2025, we declared dividends of RMB70.0 million to our Shareholders and such dividends had been fully paid as of the Latest Practicable Date. Other than this, no dividend was declared or paid by the Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Distribution of dividends shall be decided by our Board of Directors at their discretion in compliance with the applicable laws and regulations. A decision to declare or to pay any dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits of our subsidiaries and dividends they pay to us, future plans and business prospects, market conditions, the Articles, regulatory restrictions and our contractual obligations. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since March 31, 2025, being the end date of our latest audited financial statements, and there has been no event since March 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Document.

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council (會計及財務匯報局)
"Articles" or "Articles of Association"	the articles of association of our Company with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Banu Hotpot"	Banu Beef Tripe Hotpot Co. Ltd.* (巴奴毛肚火鍋有限公司), a limited liability company established under the laws of the PRC on November 25, 2015, and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands

[**REDACTED**]

"China", "mainland China" or "the PRC"	the People's Republic of China, but for the purpose of this Document and for geographical reference only and except where the context requires otherwise, references in this document to "China", "mainland China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan of the People's Republic of China
"Chongqing JM"	Chongqing JM Food Co. Ltd.* (重慶今每食品有限公司), formerly known as Chongqing Banu Food Co. Ltd.* (重慶巴奴食品有限公司), a limited liability company established under the laws of the PRC on September 13, 2021, and a wholly-owned subsidiary of our Company
"Circular 37"	the Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Act" or "Cayman Companies Act"	the Companies Act (Revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	BANU INTERNATIONAL HOLDING LTD (巴奴国际控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on November 23, 2022
"Compliance Adviser"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules

"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Du, Ms. Han, D&H (BVI) LTD, DU HAN LTD, AYCF Concentric LTD. and BANU UNITED LTD
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Delicious Forest Catering"	Delicious Forest Catering Management (Zhengzhou) Co., Ltd.* (美味森林餐飲管理(鄭州)有限公司), a limited liability company established under the laws of the PRC on March 15, 2023, and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"Dongguan JM"	Dongguan JM Food Co. Ltd.* (東莞今每食品有限公司), formerly known as Dongguan Banu Food Co. Ltd.* (東莞巴奴食品有限公司), a limited liability company established under the laws of the PRC on September 6, 2021, and a wholly-owned subsidiary of our Company
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"ESG"	Environmental, Social and Governance

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purposes of this Document

[**REDACTED**]

"Group", "our Group", "our", "we" or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"Hangzhou Bashi"	Hangzhou Bashi Gongchuang Enterprise Management Partnership (Limited Partnership)* (杭州巴氏共創企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 29, 2022
"Hebei JM"	Hebei JM Food Co. Ltd.* (河北今每食品有限公司), a limited liability company established under the laws of the PRC on October 19, 2023, and a wholly-owned subsidiary of our Company
"Henan Bashi Future"	Henan Bashi Future Enterprise Management Center (Limited Partnership)* (河南巴氏未來企業管理中心(有限合夥)), a limited partnership established in the PRC on July 2, 2015, later renamed as Qingdao Bashi Future Investment Center (Limited Partnership)* (青島巴氏未來投資中心(有限合夥))

"Henan Bashi Gongchuang"	Henan Bashi Gongchuang Enterprise Management Center (Limited Partnership)* (河南巴氏共創企業管理中心(有限合夥)), a limited partnership established in the PRC on December 3, 2021
"Henan Bashi Tongxin"	Henan Bashi Tongxin Enterprise Management Center (Limited Partnership)* (河南巴氏同心企業管理中心(有限合夥)), a limited partnership established in the PRC on July 24, 2015 and deregistered voluntarily on November 30, 2023
"Henan JM"	Henan Jinmei Supply Chain Management Co., Ltd.* (河南今每供應鏈管理有限公司), a limited liability company established under the laws of the PRC on September 1, 2021, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"HK$" or "Hong Kong Dollars" or "HK Dollars" and "HK cents"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"IFRSs"	the IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"JM Supply Chain"	JM Supply Chain Management (Zhengzhou) Co., Ltd.* (今每供應鏈管理(鄭州)有限公司), a limited liability company established under the laws of the PRC on February 20, 2023, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Latest Practicable Date"	June 9, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"M&A Rules"	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)

"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, conditionally adopted on [●], with effect from the [**REDACTED**], as amended from time to time, a summary of which is set out in Appendix III to this Document
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"Mr. Du"	Mr. Du Zhongbing (杜中兵), our founder, executive Director, the Chairman of the Board and one of our Controlling Shareholders
"Ms. Han"	Ms. Han Yanli (韓艷麗), Mr. Du's spouse and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"Overall Coordinators"	the overall coordinators as named in the section headed "Directors and Parties involved in the [**REDACTED**]"
"Overseas Listing Trial Measures"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Adviser"	Jingtian & Gongcheng, our legal adviser on PRC laws in connection with the [**REDACTED**]
[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the [**REDACTED**] prior to this [**REDACTED**], details of which are set out in "History, Reorganization and Corporate Structure"
[**REDACTED**] Investor(s)"	holder(s) of Shares pursuant to the [**REDACTED**] Investments, details of which are set out in the section headed "History, Reorganization and Corporate Structure"
[**REDACTED**] Share Incentive Schemes"	the Restricted Share Award Scheme and Share Option Scheme

"Preferred Share(s)"	preferred shares(s) in the share capital of the Company

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Restricted Share Award Scheme"	the [**REDACTED**] equity incentive plan adopted by our Company in December 2022, the principal terms of which are set out in the section headed "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes — 2. Restricted Share Award Scheme" in Appendix IV
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) in the share capital our Company, with a nominal value of US$0.0001 each prior to the [**REDACTED**], or [**REDACTED**] each upon the completion of the [**REDACTED**]
"Share Option Scheme"	the [**REDACTED**] share option scheme adopted by our Company in December 2022, the principal terms of which are set out in the section headed "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes — 1. Share Option Scheme" in Appendix IV

[**REDACTED**]

"Shareholder(s)"	holder(s) of our Share(s)

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Track Record Period"	the period comprising the financial years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"United States", "USA" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"USD", "US$" or "U.S. dollars"	United States dollar, the lawful currency of the United States
"VAT"	value-added tax
"Wuxi JM"	Wuxi JM Food Co. Ltd.* (無錫今每食品有限公司), formerly known as Wuxi Banu Food Co. Ltd.* (無錫巴奴食品有限公司), a limited liability company established under the laws of the PRC on July 29, 2016, and a wholly-owned subsidiary of our Company
"Xinxiang JM"	Xinxiang JM Food Co. Ltd.* (新鄉今每食品有限公司), formerly known as Xinxiang Banu Food Co. Ltd.* (新鄉巴奴食品有限公司), a limited liability company established under the laws of the PRC on September 16, 2021, and a wholly-owned subsidiary of our Company
"Zhengzhou Banu"	Zhengzhou Banu Tripe Hotpot Co. Ltd.* (鄭州巴奴毛肚火鍋有限公司), a limited liability company established under the laws of the PRC on April 2, 2019, and a wholly-owned subsidiary of our Company
"Zhengzhou Xingshenghe"	Zhengzhou Xingshenghe Trade Co., Ltd.* (鄭州興勝和商貿有限公司), a limited liability company established under the laws of the PRC on May 18, 2015, which is held by Mr. Du and Ms. Han as to 80% and 20%, respectively
"%"	per cent

Unless otherwise specified, all references in this Document to any shareholdings in our Company following the completion of the [**REDACTED**] *and the* [**REDACTED**]*, assuming that the* [**REDACTED**] *is not exercised, and without taking into account the Shares to be issued under the Share Option Scheme.*

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in the Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains terms used in this Document in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"CAGR"	compound annual growth rate
"caustic soda method (火鹼發製工藝)"	a traditional technique used in the preparation of offal ingredients, such as tripe, by soaking them in alkaline substances such as sodium hydroxide (commonly known as caustic soda). This method alters the structural texture of the raw materials to enhance crispness and tenderness. While it was widely adopted in earlier stages of the hotpot industry due to its simplicity and low cost, the method carries higher safety and quality control risks if not properly managed. As a result, it has increasingly been replaced by safer and more stable alternatives, such as enzyme-based tenderization
"first-tier cities"	for the purpose of this Document, Beijing, Shanghai, Guangzhou and Shenzhen
"GFA"	gross floor area
"initial breakeven"	the amount of time it takes for a newly opened restaurant to achieve positive restaurant level earnings before interest, taxes, depreciation and amortization for the first time
"investment payback period"	the amount of time it takes for the cumulative earnings before interest, tax and depreciation and amortization to cover the cost to open a restaurant
"IT"	information technology
"kWh"	kilowatt-hour
"ordering rate"	calculated by dividing (i) the number of servings of a particular item during a given period by (ii) the total number of tables served during the same period

"our restaurant(s)"	unless otherwise indicated, references to "our restaurant(s)", such as when presenting key operating metrics, refer to restaurants operated under the Banu brand, and do not include restaurants previously operated under Chao Dao and Tao Niang
"papain-based tenderization technology (木瓜蛋白酶嫩化技術)"	a natural food processing method that utilizes papain — an enzyme extracted from papaya — to modify the physical structure of meat. By breaking down muscle protein fibers, this technique enhances the tenderness of ingredients such as beef tripe and pork aorta while preserving their original flavor and nutritional value. It shortens cooking time, ensures consistent product quality, and avoids the safety and texture concerns associated with traditional chemical processing methods
"restaurant operating profit margin"	calculated by dividing (i) our revenue from Banu restaurants less raw materials and consumables used, staff costs, depreciation of right-of-use assets, other rentals and related expenses, depreciation and amortization of other assets, utility expenses, advertising and promotion expenses and other expenses associated with Banu restaurants (excluding unallocated headquarter expenses) during a given period by (ii) our revenue from Banu restaurants
"second-tier cities"	for the purpose of this Document, Tianjin, Shijiazhuang, Taiyuan, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Suzhou, Dongguan, Wuxi, Foshan, Changzhou, Xuzhou, Weifang, Nantong, Shaoxing, Quanzhou, Zhongshan, Taizhou, Yantai, Jiaxing, Jinhua, Zhuhai, Wenzhou, Baoding, Huizhou
"staff"	for the purpose of this document, our employees and outsourced staff
"third and below tier cities"	for the purpose of this Document, all the cities and regions of China excluding first-tier cities and second-tier cities

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our suppliers and customers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;

- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends, including those pertaining to the PRC and the industry and markets in which we operate; and

- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors."

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an [**REDACTED**] *in our Shares. These risks could materially and adversely affect our business, results of operations, financial condition and prospects. The* [**REDACTED**] *of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands, and that all of our operations are conducted in the PRC. For more information in respect of the PRC legal and regulatory environment, see "Regulatory Overview."*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth depends on our ability to expand new restaurants and maintain profitability.

Our future growth depends on our ability to open and operate new restaurants and maintain profitability. During the Track Record Period, we have experienced a rapid growth in terms of the number of restaurants under our operation. In 2022, 2023 and 2024 and for the three months ended March 31, 2025, we opened 11, 25, 35 and three new restaurants, respectively. We plan to continue expanding our restaurant network to different cities in China. Such further expansion may significantly increase the demand towards our management and operation, technology, labor force and other resources. The planned expansion also requires us to maintain stable quality of food and service while upholding our corporate culture, with an aim to ensure that our brand would not be affected by any deterioration (whether actual or perceptible) in the quality of food or service.

We may not be able to maintain the historical expansion rate. Should there be any delay or failure in opening new restaurants, our development strategy and our expected financial position and results of operation may be materially and adversely affected. While selecting sites for new restaurants, we may face intense competition from industry competitors. We may also experience delay in the approval process for applying relevant important licenses from governmental authorities and such delays in time are beyond our control. Our continuous success is also dependent on our ability to recruit, train and retain more qualified management, administrative, sales and marketing personnel, especially during the time of expanding into new markets. We also have to continuously manage our relationship with suppliers and customers. All of the above matters require our management to pay extra attention and effort and require a significant amount of additional expenditures. Even if we manage to open more restaurants as planned, such new restaurants may not be profitable for a certain period of time or may not be able to achieve results similar to existing restaurants. Such development strategy and various attempts related to the development of each new restaurant may result in the fluctuation in our results and profits. Furthermore, customers' demand for our products and services may not be as strong as we expect to support our rapid business growth, which may result in over-expansion of our restaurant network.

Our results of operation may be materially affected by the timing of opening new restaurants while it is affected by some factors beyond our control. Before they start operation, new restaurants will also incur expenses such as rental expense, decoration expense and staff costs. Generally, it takes approximately six months to complete the entire process from selecting restaurant location to satisfying opening conditions for a new self-operated restaurant. During the Track Record Period, the actual timing of restaurant opening is also subject to the required time to obtain licenses such as permits for fire prevention and food operations. Any delay in new restaurants opening and/or closures of the existing restaurants will affect the number and operation days of our restaurants in the current financial year, and affect our results of operation. Therefore, the number and timing of opening of new restaurants have already and may continue to have a material effect on our profitability.

We face intense competition in the hotpot industry in China.

The hotpot industry in China is highly competitive in terms of food safety and quality, taste, pricing, ambience, service, location, supply chain and recruitment of staff. We face fierce competition at each of our locations from a variety of restaurants in various market segments, ranging from local restaurants to regional restaurants and international restaurant chain. Our competitors may have stronger financial, marketing, personnel and other resources, and our competitors may have reached mature development in the markets where our restaurants are located or we plan to open new restaurants. In addition, other companies may open new restaurants with similar concepts and targeting our customers, thereby leading to increased competition.

Any scenarios that render us incapable of competing successfully with other competitors in our market may prevent us from increasing or maintaining our revenue and profitability, thereby resulting in loss of market share. In this regard, it may have a material adverse impact on our businesses, financial position, results of operation or cash flow. Besides, we need to adjust or improve the elements of our restaurant network so as to keep up with the development of popular new restaurant styles or concepts from time to time. However, we cannot ensure that we can successfully implement such adjustments or that such adjustments will not weaken our profitability.

Our new restaurants may not be able to successfully enter into new markets and achieve profitability.

Along with the expansion of our business, we may also open new restaurants in markets that we have limited experience of operation. Through our investigation of these markets, we believe that we still have great development potential in these markets. Meanwhile, we would focus on entering into markets in which we have not yet established presence. Recently, based on existing strategies, we would develop new restaurants in second-tier and third-tier cities in China. The competitive dynamics, consumer preference and spending patterns of the new markets may be different from our existing markets. Therefore, we may not be able to open new restaurants in those markets in a timely manner or at all. We cannot assure you that we will be able to maintain our profitability as we continue to expand into new markets. For instance, customers in new markets may not be familiar with our brand and we may need to develop brand awareness in such markets, which may lead to cost higher than the original plan. We may find it more difficult in new markets to hire, inspire and retain qualified staff with the same concept and corporate culture recognition. Opening restaurants in new markets may have lower average sales and average spending per customer, higher construction cost or operational cost of restaurants than opening restaurants in existing markets. Besides, we may need more time to establish similar supply chain systems, logistics systems and suitable quality control systems in the new markets. The restaurants established in new markets may take a longer time to increase sales than expected and such failure in reaching expected sales and profit levels would in turn affect our overall profitability.

We may not be able to maintain and increase the sales volume and profitability of the existing restaurants.

The sales volume and profitability of the existing restaurants would also affect the growth of our sales and would remain as key factors affecting our revenue and profit. Our ability to increase the sales volume from existing restaurants partly depends on the successful implementation of measures for increasing customer traffic and sales per customer. These measures include providing diverse products and portfolios, enhancing consumer experience to attract recurring customers, raising customer loyalties and attracting more customers in off-peak periods. We cannot assure you that the sales growth and profitability of existing restaurants will meet their targets. In addition, we cannot assure you that the sales of existing restaurants will not decline. In case we are unable to achieve our target in sales and profit in the existing markets, our businesses, financial condition and results of operation could be materially and adversely affected.

Particularly, the chosen locations of our existing restaurants may become uncompetitive due to changes in economic or demographic conditions. If economics and demographic conditions become unfavorable to us in the future, such as traffic inconvenience caused by nearby construction, which in turn will cause a loss of original source of customers in these locations, the relevant restaurant may encounter a decline in sales volume. As all of our lease agreements have fixed lease terms, they have exposed us to the risk of paying rent for fixed periods of time in spite of unprofitable business operations or other unforeseen events that may occur before each lease term expires. In addition, we are also subject to the risk of paying compensation for breach of contract if we choose to terminate the lease agreement before expiration. Therefore, lack of flexibility in earlier termination of these lease agreements, would adversely affect our businesses, financial condition and results of operation.

In addition, in case we open new restaurants in existing markets, the sales volume and customer traffic of nearby existing restaurants may decline due to intensified competition, which could in turn have an adverse impact on the operation of existing restaurants, our financial condition and results of operation.

Failures of our food quality control system could have a material and adverse effect on our reputation, financial condition and results of operation.

The quality and safety of the food we serve in our restaurants is critical to our success. Our quality control system covers our entire supply chain, from the origin of raw materials to tables at our restaurants. See "Business — Food Safety and Quality Control." Due to the scale of our operations and rapid growth of our restaurant network, maintaining consistent food quality depends significantly on the effectiveness of our quality control system, which in turn depends on a number of factors, including but not limited to the design of our quality control system, staff trainings to ensure that our staff adhere to and implement those quality control policies and the effectiveness of monitoring any potential violation of our quality control system. There can be no assurance that our quality control system will always prove to be effective. The quality of the ingredients or services provided by our suppliers is subject to factors beyond our control, including the effectiveness and the efficiency of their quality control systems, among others. There can be no assurance that our current suppliers may always be able to adopt appropriate quality control systems and meet our stringent quality control requirements in respect of the supplies or services they provide. Any significant failure or deterioration of our quality control system could have a material and adverse effect on our reputation, financial condition and results of operations.

If the quality of our dining experience declines, our restaurants may not continue to be successful.

The success of our restaurants revolves primarily around customer satisfaction, which is dependent on the continued popularity of our Banu brand and lies in our ability to provide a superior dining experience. The success of our restaurants may be adversely impacted by a number of factors, including, among others:

- decline in the quality of service;
- inability to pioneer and introduce new services that gain popularity amongst customers;
- inability to meet the needs of our customers and changes in consumer tastes and preferences;
- decline in food quality or the perception of such decline amongst customers;
- any significant liability claims or food contamination complaints from our customers;
- inability to offer quality food at affordable prices;

- declining economic conditions in the markets we operate that may adversely affect the average spending per customer, which may constrain consumer budgets and affect their choices in ordering high margin items;

- decline in staff satisfaction and increase in staff attrition;

- increased competition in the hotpot industry;

- our inability to manage costs;

- opening of new restaurants owned by us or third-party competitors in the same region; and

- declines in our reputation and consumer perception of our brand in terms of quality, price, value and service.

We cannot guarantee that our dining experience will continue to be of high quality and favored by customers, nor that our existing and new restaurants will continue to be successful.

We may fail to maintain or enhance brand recognition or reputation or may face negative publicity related to our brand.

We believe that maintaining and enhancing our brand is important to maintaining our competitive advantage in the hotpot industry. However, our ability to maintain our brand recognition depends on a number of factors, some of which are beyond our control. We may face negative publicity, customer disputes, unauthorized use of our Banu brand, all of which may tarnish the appeal and reputation of our brand. Moreover, our continued success in maintaining and enhancing our brand and image depends to a large extent on our ability to maintain our distinctive combination of our services, our quality food products at affordable prices and pleasant dining environment as well as our ability to respond to any change in the competitive landscape in the hotpot industry. If we are unable to do so, the value of our brand or image will be diminished and our business and results of operations may be materially and adversely affected. As we continue to grow in size and extend our geographic reach, maintaining quality and consistency may be more difficult and we cannot assure you that customers' confidence in our brand will not be diminished.

We may experience significant liability claims or complaints from customers, or negative publicity involving our products, our service, our restaurants or our industry.

Operating in the catering industry, we face an inherent risk of food contamination, complaints and liability claims. Our food quality substantially depends on the quality of the food ingredients provided by our suppliers and we may not be able to detect all defects in those supplies. Also, all of our raw materials, semi-processed and processed food ingredients used in our restaurants were initially handled by our central kitchens or our suppliers. Any food contamination occurring at our central kitchens or suppliers' facilities or during the transportation from our central kitchens or suppliers' facilities to our restaurants that we fail to detect or prevent could adversely affect the quality of the food delivered to our customers or served in our restaurants and consumer satisfaction. For instance, in 2023, one of our subsidiaries was fined RMB60,000 by a local market regulatory authority for displaying misleading nutritional information on its menu regarding the selenium content of a potato dish. The issue was deemed a violation of the Anti-Unfair Competition Law. The entity promptly rectified the issue, cooperated with the investigation and fully paid the fines. We have implemented a comprehensive quality control system, and we conduct periodic and spot inspections of the participants in our supply chain and of our restaurants. However, as we expand our business scale, we cannot assure you that these counterparties or our restaurant staff will adhere to our internal procedures and requirements at all times. Any failure to detect defective food supplies, poor hygiene or cleanliness standards in our operations or other failure to observe our requirements, could adversely affect the quality of the food served in our restaurants, which could lead to liability claims, complaints, or related adverse publicity and could result in the imposition of penalties by competent authorities or compensation awarded by courts against us.

During the Track Record Period, most of the complaints were related to long waiting time for seating, extended serving time during peak hours and unsatisfactory service quality of our staff. We take complaints related to accidents occurred in the dining process seriously and have adopted various remedial measures to minimize such occurrences. However, there is no assurance that all such complaints can be fully prevented in the future.

Any complaints or claims against us, even if meritless and unsuccessful, may divert management attention and other resources from our business and adversely affect our business and operations. Customers may lose confidence in us and our brand, which may adversely affect the business of our restaurants, resulting in declines in our revenue and even losses. Furthermore, negative publicity including but not limited to negative online reviews on social media and crowd sourced review platforms or media reports related to food quality, safety, public health concerns, illness, injury or industry, whether or not accurate, and whether or not concerning our restaurants, can adversely affect our business, results of operations and reputation.

Our success depends on the continuing efforts of our senior management team and the other key personnel, and therefore our businesses may be damaged if we lose their services.

Our future success depends very much on the continuing services and performance of our key management personnel. We should continue to attract, retain and motivate a sufficient number of qualified management and operating personnel to maintain a consistency in the quality of our products and services and meet the expansion requirements of our plans. We also give incentives to our area managers, regional managers and competent team members in order to commend their commitments to our businesses.

If our senior management team fails to cooperate with each other successfully, or if one or more of our senior management team members are not able to effectively implement our business strategies, we may not be able to achieve business growth at the speed or in the manner we expect. There is keen competition for experienced management and operating personnel in the hotpot industry in China and the number of qualified candidates is limited. We may not be able to retain our key management and operating personnel, and we may not be able to attract and retain quality senior management personnel or key personnel in the future.

In addition, if one or more of our key personnel are not able or willing to continue to assume their present positions, we may not be able to replace them easily or at all. Therefore, our businesses may be disrupted and our results of operation may be materially and adversely affected. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing business, it may result in a leakage of business secrets and technical know-how. If we cannot attract, retain and motivate these key personnel, our reputation may be damaged and it may lead to a loss in our businesses.

Our business is affected by changes in consumer taste and dining preference, and we may not be able to address these changes in a timely manner, or at all.

The hotpot industry is affected by consumer taste and dining preference. With a product-centric philosophy, we are dedicated to providing natural, fresh, healthy and delicious hotpot dishes to consumers. We regularly update our menu and introduce new dishes from time to time to adapt to changes in dining trends, shifts in consumer taste and nutritional trends. We also seek to provide different flavor for each customer. However, we cannot assure you that hotpot is always preferred by consumers among all cuisine styles. In addition, consumer tastes and preferences are constantly changing and our failure to anticipate, identify, interpret and react to these changes could lead to reduced customer traffic and demand for our restaurants. We cannot assure you that our hotpot will continue to be preferred by consumers, or that we will be able to adapt to local tastes and preference as we expand into new markets in the PRC. In addition, if prevailing health or dietary preferences and perceptions cause consumers to avoid our products in favor of alternative foods, our business could suffer. Even if we do correctly anticipate, identify, interpret and react to these changes, there can be no assurance that we will be able to launch new dishes that effectively respond to consumer preferences or result in increased profits.

If we are unable to respond to changes in consumer taste and preferences in a timely manner or at all, or if our competitors are able to address these concerns more effectively, our business, financial condition and results of operations may be materially and adversely affected.

Our historical financial and results of operation are not indicative of future performance, and we may not be able to implement and maintain the historical income and profit level.

During the Track Record Period, we had revenue of RMB1,433.1 million, RMB2,111.6 million, RMB2,307.3 million and RMB708.7 million in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively, and we recorded loss for the year of RMB5.2 million in 2022 and had profit for the year/period of RMB101.7 million, RMB122.9 million and RMB55.2 million in 2023 and 2024 and the three months ended March 31, 2025, respectively. Our historical results and growth may not represent our future performance. Our financial or results of operation may not fulfill the expectation of the open market analysts or the investors, which may result in a decrease of the future price of our Shares. Our income, expenses and results of operation may change in different time due to various uncontrollable factors, including general economic condition, special events, governmental regulations and policies which affect our restaurants' operation and/or the ability for us to control the cost and operational expenses. You shall not rely on our historical results for prediction of our future financial performance.

Our business, financial condition, and results of operation may be materially and adversely affected if we fail to acquire new customers or retain existing customers in a cost-effective manner.

Our ability to acquire new customers in a cost-effective manner and retain existing customers is critical to the continuing growth of our results of operation and profitability improvement. We have invested in branding, sales and marketing to acquire and retain customers since our inception. We will continue to invest in brand promotion to attract new customers and retain existing ones, but there is no guarantee that new customers will stick with us or that the revenue from new customers will outweigh the expenses of acquiring them.

In addition, if our existing customers no longer find our products appealing or are unsatisfied with our services, or if our rivals deliver more appealing products, rates, discounts, or customer service, our existing customers may lose interest in us, decrease their orders or even stop ordering from us. If we are unable to retain our existing customers or to acquire new customers in a cost-effective manner, our revenue may decrease, and our results of operation will be adversely affected.

We rely on the timely, stable and sufficient supply of quality raw materials and other supplies from our suppliers. Any shortages, disruptions and increases in raw material cost may have an adverse effect on our businesses, financial condition and results of operation.

We mainly procure food raw materials, ingredients and other consumables necessary for our restaurant operation from our suppliers. During the Track Record Period, our costs for raw materials and consumables used were RMB484.1 million, RMB701.3 million, RMB740.9 million and RMB229.1 million in 2022, 2023 and 2024 and the three months ended March 31, 2025. In case our suppliers cannot provide raw materials and other supplies in a timely manner, we may experience a shortage in supply and an increase in cost. The ability to purchase high quality raw materials and other supplies at competitive prices and in a timely manner is crucial to our business. The abilities to continually provide our product portfolio with stable quality to customers in our restaurants partly depend on our ability to obtain a sufficient amount of raw materials and relevant supplies that meet our food safety and quality specification requirements from reliable resources. During the Track Record Period, we did not experience any material delays or disruptions in the supply of raw materials from suppliers. However, we cannot assure you that we can maintain the business relationship with main suppliers in the future.

Our suppliers may pass the extra costs on to us if the raw material manufacturers increased their price for any reason. If any of our main suppliers fails to supply sufficient products or provide sufficient services to us in a timely manner for any reason, we cannot assure that we could find a suitable substitute supplier at acceptable conditions in a short period of time. We may not be able to predict and address the unforeseeable changes in cost, and we may be unable to pass such changes in cost on to customers. Such conditions may lead to a material adverse impact on our businesses and results of operation.

Supplies of raw material may be interrupted for various reasons, many of which are beyond our control, including severe weather conditions, international trade disputes, import and export restrictions, natural disasters, pandemics, diseases, cessation of operation of important suppliers, material negative news or unexpected shortage in production. We cannot assure that current suppliers can always meet our strict quality control requirement in the future. If any of our suppliers fails to conduct sufficient quality control, ceases cooperation with us, or otherwise fails to deliver materials to us in a timely manner, we cannot assure that we could find a suitable substitute supplier at acceptable conditions on a timely basis. Therefore, if we fail to do so, our raw material cost might be increased and a shortage in food raw materials and consumables may occur in our restaurants. Any serious shortages or disruptions in supply would affect the supply of some products on the menu, which would result in a significant decrease in revenue as a result of customers seeking for other restaurants. If any of our suppliers uses the recipes of our self-developed products in the production of other enterprises' products without our permission, the competitiveness of our branded products may be affected, and may in turn affect our business and results of operation.

In addition, we rely on a few imported ingredients such as New Zealand beef tripe, which are procured through centralized bidding and long-term partnerships with key suppliers. Therefore, we are exposed to certain risks associated with the procurement of imported ingredients, including international logistics disruptions, changes in customs and inspection policies, fluctuations in foreign exchange rates, and the imposition or adjustment of import tariffs. These factors may result in increased procurement costs, delays in delivery, or inventory shortages. To manage these risks, we have implemented a procurement strategy that includes regular market price tracking and staggered delivery schedules. Nonetheless, any significant disruption in the supply of imported ingredients could adversely affect our product quality, cost structure, and overall customer experience, which may in turn affect our business and results of operation.

Failure to comply with the existing or new government regulations relating to fire safety, food hygiene, environmental protection and control on indoor smoking of the catering industry in China may have a material adverse effect on our businesses and results of operation.

Our businesses are subject to the restriction of various compliance and operational regulations stipulated by the PRC laws. Any of our restaurants that fail to comply with the applicable laws and regulations may be subject to penalties imposed by relevant Chinese government authorities. Each of our operating restaurants is required to hold an operation license issued by the local government authorities and should carry out catering business within the business scope of the operation license. Our businesses are also subject to the restriction of various regulations, which affect various aspects of our businesses in the cities where we operate, including but not limited to fire safety, food hygiene, environmental protection and control on indoor smoking. Each of our restaurants is required to obtain various licenses and permits or filed with relevant authorities in accordance with these regulations.

There were administrative penalties in relation to food quality on Chao Dao in the past. See "Business — Food Safety and Quality Control — Historical Food Safety-related Administrative Penalty." Although we have not suffered fines or other penalties which materially and adversely affect our businesses and results of operation due to any violation of the regulations in the past, we may be subject to fine, confiscation of illegal gains from relevant restaurants and termination of the operation of restaurants lacking all necessary licenses and permits required, or subject to suspension of sales of certain products in accordance with the latest laws and regulations if we fail to deal with these non-compliance events in a timely manner. Such kind of circumstances may have a material adverse impact on our businesses and results of operation.

In addition, there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licenses and permits required for our existing business operations in a timely manner or at all. If we fail to obtain and/or maintain all the licenses required to operate our businesses, the proposed new restaurant business and/or expansion may be delayed, and our ongoing business could be interrupted. We may also be investigated and receive imposed penalties. In addition, government authorities may promulgate new laws, rules and regulations from time to time to strengthen the implementation of existing laws, rules and regulations, which may require us to obtain new and additional licenses, permits or approvals. There may be adjustments and changes in the interpretation and implementation of existing and future laws and regulations governing our business activities. If we fail to comply with applicable laws and regulations, we may be subject to fines, confiscation of income generated from our non-compliant operations or termination of our non-compliant operations, any of which may have a material adverse impact on our business, financial condition and results of operation.

We may not be able to detect, stop or prevent all fraud or other misconduct by our staff, customers or other third parties.

Although we have strict guidelines and controlling measures to prevent any illegal activities or misconduct, we may not be able to discover, stop or prevent all misconduct carried out by our staff or even our customers. If such misconduct incidents happen frequently in our restaurants, our reputation and operation may be adversely affected.

We may not be able to prevent, discover or stop all the misconduct carried out in our restaurants by our staff, customers or other third parties, for example, the smoking behaviors of our customers in the restaurants. According to The Rules for the Implementation of the Administration of Sanitation of the Public Assembly Venue (公共場所衛生管理條例實施細則) promulgated by the Ministry of Health and similar regulations introduced by different local authorities regarding smoking in a public venue, if a customer smokes in our restaurants and we fail to stop him timely, we may face penalties such as an administrative warning or fine from relevant competent authorities. Any misconduct that harms our interest, includes past acts that have gone undetected and future acts, may lead to financial loss and/or damage to our reputation. Such misconduct may also cause material and adverse effects on our businesses, results of operation and financial condition.

We may fail to fulfill the duty of maintaining safety and thus cause damage to another person. According to the Civil Code of the PRC (民法典), operators and managers of business and public places such as hotels, shopping markets, entertainment premises and the organizers of mass activities shall assume tort liability if they fail to fulfill the duty of maintaining safety and thus cause damage to another person. Where the damage is caused by a third party, the third party shall assume tort liability; where the operator, manager or organizer fails to fulfill the duty of maintaining safety, it shall assume supplementary liability.

Events that disrupt the operations of any of our restaurants, such as fires, floods, earthquakes or other natural or man-made disasters, may materially and adversely affect our business operations.

Our daily operation and expansion are vulnerable to interruption by fires, floods, typhoons, power failures and shortages, hardware and software failures, computer viruses and other events beyond our control. Our business is also dependent on prompt delivery and transportation of our raw materials, food ingredients and other consumables. Certain events, such as adverse weather conditions, natural disasters, severe traffic accidents and delays and labor strikes, could also lead to delayed or lost deliveries by our suppliers, logistics and our restaurants. All of which may result in the loss of potential business, and thus sales revenue. Perishable raw materials such as fresh, chilled or frozen foods, may deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our suppliers or our logistics partners. The third-party public portable chargers provided in our restaurants and the kitchen appliances in the restaurants may also cause accidents such as fires. If personal injury such as falls happened on our customers or staff inside our restaurants, we may also bear the related operator liability. Fires, floods, earthquakes and terrorist attacks may lead to evacuations and other disruptions in our operations, which may also prevent us from providing quality food and service to customers, thereby affecting our businesses and damaging our reputation. Any such event could materially and adversely affect our business operations and results of operation.

We need to conduct renovations during the process of opening new restaurants. Even we fulfill the regulations under applicable laws, a series of negative events may happen during the process of renovation. Events such as fire, flooding and injuries and death may occur during the renovation process. Such events will cause a negative effect to us among the public, resulting in financial losses, and also may result in us being investigated or penalized by regulatory authorities, and adversely affect our reputation and brands.

We are susceptible to outbreak, epidemic or pandemic of infectious or contagious diseases, diseases of animals, food-borne illnesses as well as negative publicity relating to such incidents.

Any outbreak of food-borne diseases or epidemic occurrences, such as H5N1 avian flu, Middle East Respiratory Syndrome (MERS), Ebola, as well as influenza caused by H7N9, H5N6 and H2N2, and Swine Influenza (H1N1 virus) could disrupt the supply of our key food ingredients. An outbreak of any of the above diseases, or other diseases that have yet to become widespread, could therefore have a material adverse impact on our results of operations, financial condition and business prospects. Any outbreak, epidemic or pandemic of infectious or contagious diseases such as SARS and COVID-19 in the regions in which we operate could lead to a reduction in our consumer traffic, our staffing and our revenue. As such diseases could have a material adverse impact on the macroeconomic condition of the affected regions, our business operations and financial performance could be negatively affected as a result. In addition, any negative publicity relating to the aforementioned and other health-related matters such as excessive level of medicine and chemicals contained in poultry and seafood, or outbreak of Bovine Spongiform Encephalopathy (also known as mad cow disease) may affect consumers' perception of food safety in general, which will consequently reduce consumer traffic at our restaurants and adversely affect our results of operations.

We face risks related to our production facilities. Our future success and growth depend on our ability to effectively manage production facilities.

We strategically operate our production facilities to ensure a stable supply of quality, cost-effective products. As of March 31, 2025, we had five centralized kitchens and one ingredient processing facility. We also plan to enhance and expand our existing warehousing facilities. However, there is no assurance that such expansion plans will be successfully implemented as scheduled or will be commercially successful. The expansion is also subject to interruptions caused by risks common to large construction projects, such as insufficient capital, regulatory approval delays, adverse weather conditions, natural disasters, accidents, unforeseen circumstances, and other factors beyond our control. As a result, we may not achieve the planned expansion within the expected timeframe. Additionally, even if the expansion is completed, it may not yield the desired results. For example, if the added capacity exceeds our business growth or market demand, we may face underutilized production capacity, overproduction, high fixed costs, and low profit margins. Any of these issues could materially and adversely affect our business, results of operations, and future prospects.

Moreover, our production facilities may face interruptions due to operational issues, force majeure events, mechanical failures, or shortages of utilities such as water, electricity, or gas. These disruptions could delay production, reduce capacity, or result in temporary shutdowns. If we fail to address these issues promptly, downtime could be extended, further impacting our production capacity and sales. Additionally, production-related incidents, such as safety risks for our staff, may occur. While we strive to maintain a safe working environment, we cannot guarantee that no safety incidents will arise during production. If such incidents occur, we could face liability for safety claims and penalties, along with potential production disruptions. These events could materially affect our business, results of operation, and future prospects.

Any disruption of the operation of our central kitchens could adversely affect our business and operations.

We rely on our central kitchens to supply all of our semi-processed or processed food ingredients used in our restaurants. As of the Latest Practicable Date, we had five central kitchens that serve our restaurants in 14 provinces and municipalities in China. See "Business — Supply Chain and Procurement — Central Kitchen and Ingredient Processing Facility." Any disruption of operations at our central kitchens, such as electricity or water suspensions, may affect our ability to distribute food ingredients to our restaurants in a timely manner, or at all, which may disrupt our restaurants' ability to serve certain menu items or operate at all, whether temporarily or on a permanent basis. If we temporarily choose third-party suppliers to supply semi-processed or processed food ingredients due to such interruption, our operating costs may increase, and we may not be able to maintain consistent food quality due to the short notice of such replacement measure. Alternatively, if we remove certain products from our menu, we may experience reduction in revenue and our brand value may suffer, resulting in an adverse effect on our business and results of operation.

We may be unable to receive compensation from suppliers for contaminated raw materials used in the food sold in our restaurants and indemnity provisions in our supply contracts may be insufficient.

We face the risks of claims related to food contamination. Our food quality is partially dependent on the quality of the raw materials and ingredients provided by the suppliers, and we may not be able to detect all the defects in the supply. Any undetected food contamination that occurs during the transport process may adversely affect the quality of food provided in our restaurants. If we cannot discover the defects in supply chain during our operation, maintain appropriate hygiene levels, or assure the cleanliness and other quality control requirements or standards, the quality of food provided by our restaurants may be adversely affected. Such flaw may lead to liability claims, complaints and negative publicity, a decrease in the customer traffic of our restaurants, the penalty by relevant authorities, and potential civil liabilities. During the Track Record Period and up to the Latest Practicable Date, there were no material violations related to food and health related issues. We cannot assure that we will not be subject to any claims related to food contamination or other food safety issues in the future. If we face food safety claims due to contaminated or other defective raw materials and food ingredients from suppliers, we may try to seek compensation from the relevant suppliers. However, the compensation terms of our supply contracts may not be sufficient to cover loss of profits and indirect or joint losses. If the claim against the supplier is not established, or we are unable to recover the amount of the claim from the supplier, we may have to bear such losses and compensation by ourselves. Any of these events could adversely affect our reputation, results of operation and financial condition.

If we are unable to renew the leases of existing restaurants at commercially reasonable terms or are unable to obtain ideal restaurants location, our businesses, results of operation and ability to achieve growth strategies would be materially and adversely affected.

We compete with other hotpot restaurants for suitable locations. In addition, some landlords and developers may offer priority or grant exclusive operating rights of desirable locations to some of our competitors. We cannot assure you that we could enter into new lease agreements for suitable land lots or renew the existing lease agreements at commercially reasonable terms.

We may need to negotiate the terms of renewal with lessors, who may insist on making material amendments to the terms and conditions of the lease agreement. In case the rate of the renewed lease agreement is substantially higher than the current amount, or other existing concessionary terms, if any, granted by the lessor are not extended, we must assess whether renewing the agreement in accordance with the amended terms is in our commercial interest. If we cannot renew the lease of the property for our restaurants for any reason, we will have to close or relocate the relevant restaurants, which could reduce the revenue contribution of that restaurants during the period of closure and subject to construction, decoration and other costs and risks or affect our existing customer base. In addition, the revenue and profit generated from the relocated restaurants could be lower than that before the relocation. Therefore, in case the lease agreement of the desirable restaurants location is not obtained, or the current lease agreement is not renewed at commercially reasonable conditions, our businesses, financial condition and results of operation might be materially and adversely affected.

Our restaurants are easily affected by risks related to the increase or fluctuation of rental cost, unexpected tenancy termination, and unexpected land acquisition, closure of buildings or demolition.

Substantially all of our restaurants are located at leased properties from third parties. Our depreciation of right-of-use assets mainly include the depreciation of capitalized lease incurred by long-term leased properties for our restaurants. As our depreciation of right-of-use assets and other rentals and related expenses are a considerable part of our total operating expenses, if the rental expenses for our restaurants increase significantly, our profitability may be adversely affected.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business, results of operations, financial performance and prospects.

In connection with our operations, we collect limited personal information primarily through our offline restaurant services and online membership services. Therefore, we are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data. Any improper handling of personal information or any other information security incidents, such as unauthorized access to our consumer database by hackers, could result in reputation damage and/or civil or regulatory liabilities that may have significant legal, financial and operational consequences.

Regulatory requirements regarding the data security and data protection are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, business, results of operations, financial performance and prospects and/or could lead to civil or regulatory liabilities. Complying with new laws and regulations could also cause us to incur substantial costs or require us to change our business practices in a manner that has a material and adverse effect on our business. See "Regulatory Overview — Laws and Regulations in Relation to Cyber Security and Data Protection" and "Business — Data Security and Privacy Management."

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our businesses.

We rely on our computer systems and network infrastructure to monitor the daily operations of our restaurants and to collect accurate up-to-date operating data, such as the procurement volume of supplies, for business analysis and decision making. Any damage or failure of our computer systems or network infrastructure that causes an interruption or inaccuracies in our operations could have a material adverse effect on our businesses and results of operation.

Our system receives certain necessary personal information about our customers when customers place orders. Due to the fact that the methods used to gain unauthorized access or sabotage networks are constantly evolving and may not be identified before an attack is conducted against us or our third-party service providers, we may be unable to detect or enforce sufficient countermeasures against these threats. We have not been in the past but may be in the future subject to these forms of attacks. If we are unable to prevent these attacks and security vulnerabilities, we risk considerable legal and financial responsibility, damage to our image, and potential missed revenue and consumer frustration. We may lack the expertise and technological sophistication necessary to predict and deter rapidly changing cyber-attack forms. Actual or planned attacks and threats can result in substantially increased costs, including staff and network security technology deployment, staff training, and engagement of third-party experts and consultants. In addition, if our network security is compromised, and such information is stolen or obtained by unauthorized persons or used inappropriately, we may become subject to litigation brought by customers and related institutions. Any such proceedings could distract our management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brand could also be negatively affected by these events, which could further adversely affect our businesses and results of operation.

Our businesses may be adversely affected by the difficulties in recruitment and retention of staff.

Our continuous success partly depends on our ability to attract, motivate and retain a sufficient number of qualified staff, including restaurant general managers and other management personnel. We cannot assure you that we will be able to recruit or retain a sufficient number of qualified staff for our businesses. If there is a material increase in the staff turnover rates in our existing restaurants, and there is failure to recruit skilled personnel and to retain key staff due to various factors such as the failure to keep up with the average staff salary levels in the market, it may create difficulties for us to implement our growth strategy. In addition, we engage outsourcing staff through third-party human resources companies. If such human resources companies terminate or suspend the cooperation with us due to any reasons, we may not be able to identify suitable alternative human resources companies to provide outsourcing services in a short period of time, which may affect our business operations. The increase in labor costs caused by factors like competition, minimum salary requirements and employee benefits will adversely affect our operating costs. Any of the foregoing will materially and adversely affect our businesses and results of operation.

Labor shortages or increased labor costs may slow down our growth rate and reduce our profitability.

From the historical perspective, employee benefit and manpower service expenses covering salaries and benefits payable to all our staff (including our directors, senior management, headquarters staff and restaurant staff), are always the main components of our operating costs. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our staff costs amounted RMB467.5 million, RMB635.1 million, RMB775.0 million and RMB242.3 million, respectively. At present, all of our staff are employed and working in China. The Chinese economy has achieved significant growth in the past 20 years, and this has led to an increase in the average labor costs. It is expected that the overall economy and average wage in China will continue to grow.

The Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China stipulate overtime, pensions, layoffs, labor contracts, workers' rights and benefits and also stipulate specific standards and procedures for terminating labor contracts. In addition, the Labor Contract Law required that, in most cases, including the expiration of a fixed-term contract, the payment of statutory severance should be made when the labor contract is terminated. To comply with the PRC labor-related laws and regulations, we need to continue to invest in operating expenses, especially our personnel expenses. The shortage of labor force or any substantial increase in the labor costs will weaken our competitive advantages and have a material adverse effect on our businesses, financial position and results of operation.

We are subject to risks relating to cooperation with third-party payment platforms.

Customers can pay with digital payment methods such as Weixin Pay and Alipay, as well as other payment methods such as credit cards and cash, at our restaurants. During the Track Record Period, over 95% of the payments we received were made through third-party payment platforms. Our cooperation with these third-party payment platforms is critical to our business. If we fail to extend or renew the agreements with these third-party payment platforms on acceptable terms or if these third-party payment platforms are unwilling or unable to provide us with payment service or impose onerous requirements on us in order to access their services, or if they increase the fees they charge us for these services, our business and results of operation could be harmed. Furthermore, to the extent we rely on the systems of the third-party payment platforms, any defects, failures and interruptions in their systems could result in similar adverse effects on our business.

We had incurred net current liabilities in the past and may continue to do so in the future.

We had net current liabilities of RMB158.3 million as of December 31, 2022, primarily because we had redemption liabilities of RMB413.3 million in relation to redemption rights granted to certain investors in our Series Angel and Series A financing and recorded current portion of bank loans of RMB100.1 million as of the same date. We reverted to a net current asset position and had net current assets of RMB24.4 million as of December 31, 2023. We cannot assure you that we will not record net current liabilities in the future. Net current liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. If we do not have sufficient working capital to meet future financial needs, we may need to resort to external funding. Our inability to obtain additional external borrowings on a timely basis and on acceptable terms, or at all, may force us to abandon our development and expansion plans, and our businesses, financial position and results of operation may be materially and adversely affected.

Our product sales and business operation are subject to seasonal fluctuations.

We experience seasonal fluctuations during our ordinary course of business and the operation of our restaurants, in particular with respect to the customer traffic. During the Track Record Period, we typically saw stronger revenue generation during holiday seasons, such as the Chinese New Year, summer break and National Day holiday, and when approaching the end of each year, primarily driven by increased dining during such periods. Going forward, we expect our financial condition and results of operations for the first quarters may continue to fluctuate and our historical quarterly results may not be comparable to future quarters.

Our financial condition, results of operation and prospects may be adversely affected by the valuation uncertainty of financial assets at fair value through profit or loss (FVPL) due to the use of unobservable inputs.

Our financial assets at FVPL represent our investment in wealth management products. As of December 31, 2022, 2023 and 2024 and March 31, 2025, our financial assets at FVPL were nil, RMB115.2 million, RMB327.5 million and RMB367.0 million, respectively. As we need to make significant estimates and assumptions in determining the fair value of the wealth management products we purchased using unobservable inputs, the valuation of these financial assets are subject to uncertainties. Any net changes in the fair value of such assets are recorded as our other revenue, and therefore may adversely affect our results of operation. Although we did not incur any fair value losses for financial assets at FVPL during the Track Record Period, we cannot assure you that we will not incur any such fair value losses in the future. If we incur such fair value losses, our financial condition, results of operation and prospects may be adversely affected.

We may be subject to the risk of obsolescence for our inventory.

As a restaurant operator, our raw materials mainly include food ingredients that have limited shelf lives, such as fresh vegetables. The shorter the shelf life and the longer we hold such inventories, our risk of inventory obsolescence increases. We closely monitor our inventory levels at each restaurant through our internal inventory management system. However, consumption of our food ingredients is subject to various factors beyond our control, including fluctuations in customer traffic, and in the long term, changes in consumer taste and dining preference. We cannot guarantee that our inventory levels will be able to meet the demands of customers, which may adversely affect our sales. We also cannot guarantee that all of our food inventory can be consumed within its shelf life. Excess inventory may increase our inventory holding costs and subject us to the risk of inventory obsolescence or write-offs, which could have a material adverse effect on our business, financial condition and results of operation.

Our inventories comprise food and consumables used in our restaurant operations. As of December 31, 2022, 2023 and 2024 and March 31, 2025, the balance of our inventories amounted to RMB146.0 million, RMB159.7 million, RMB124.6 million and RMB96.6 million, respectively. During the Track Record Period, no provision for impairment of inventories was recognized. See "Financial Information — Discussion of Key Items of Our Consolidated Statements of Financial Position — Assets — Inventories."

The risk of obsolescence for our inventory increases as the storage time of our inventory increases. In addition, certain factors such as unexpected fluctuations in the supply of raw materials or changes in customers' tastes and preferences are beyond our control and may lead to decreased demand and overstocking of particular products, which in turn increases the risk of obsolescence for our inventory. Furthermore, as our restaurant network expands, our inventory level increases and our inventory obsolescence risk may also increase along with the increased purchase of inventories. In such circumstances, our businesses, financial position and results of operation may be materially and adversely affected.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our business, reputation and liquidity position.

Our contract liabilities comprise prepaid cards, award credits that our customers have accumulated but not yet redeemed or expired in relation to our customer membership programs, and advances from customers for our products. We recorded contract liabilities of RMB50.2 million, RMB57.0 million, RMB59.5 million and RMB63.0 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. See "Financial Information — Discussion of Key Items of Our Consolidated Statement of Financial Position — Liabilities — Contract Liabilities." If we fail to provide products and services to fulfill our obligations under our contract liabilities, we may not be able to recognize such contract liabilities as revenue, which may have a material and adverse impact on our business, results of operation, reputation and liquidity position.

We are subject to risk of recoverability of deferred tax assets.

As of December 31, 2022, 2023 and 2024 and March 31, 2025, our deferred tax assets amounted to RMB65.9 million, RMB67.0 million, RMB66.5 million and RMB62.5 million, respectively. Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Pursuant to the Notice No. 8 issued by the Ministry of Finance and the State Administration of Taxation of the PRC on February 6, 2020, the maximum carried forward period of the tax losses affected by COVID-19 in certain affected industries, such as the catering industry, is extended from five years to eight years. Any changes in management's judgment as well as the future operating results of the relevant entities would affect the carrying amounts of deferred tax assets to be recognized and the recoverability of deferred tax assets recognized in our consolidated financial statements, and therefore could materially and adversely affect our financial condition and results of operation in future years.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted share incentive schemes for the benefit of our employees (including directors) as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. See "Appendix IV — Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes — 1. Share Option Scheme." In 2022, 2023 and 2024 and for the three months ended March 31, 2025, we incurred equity-settled share-based payment expenses of RMB21.9 million, RMB17.2 million, RMB23.4 million and RMB16.3 million, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

We may need additional funds to provide funding for our operation which may not be available under conditions acceptable to us, or not available at all. If we can raise equity capital, the value of your investment may be adversely affected.

We may need additional cash resources to support our continuing growth or other development in the future, including investments or acquisitions that we may decide to make. If our funding need is greater than our financial resources, we will need to seek additional funding or postpone our planned expenditure. We cannot guarantee that we can obtain additional funding on terms acceptable to us or successfully obtain any funding. In addition, our ability to raise additional funding in the future is subject to a number of uncertain factors, including but not limited to, our future financial position, results of operation and cash flow, the overall market conditions of equity and debt financing activities, and the economic, political and other conditions in China and other regions.

In addition, if we raise additional funding through equity or equity related financing, your equity interest in our Company may be diluted. Furthermore, if we raise additional funding by incurring debt obligations, we may be subject to multiple covenants under the relevant debt instruments, which in turn may, among other things, restrict our ability to pay dividends or obtain additional financing. The fulfillment of debt obligations may also impose a burden on our operations. If we fail to fulfill our debt obligations or comply with any of such covenants, we may breach such debt obligations, and our liquidity and financial condition may be adversely affected.

We may evaluate and potentially explore new business opportunities, enter into new markets, and consummate strategic investments or acquisitions, which may turn out to be unsuccessful and adversely affect our results of operations and financial performance.

We seek and will continue to explore opportunities to grow our business, such as launching new brands, expanding restaurant network, developing new hotpot dishes, or exploring new business initiatives. However, our exploration of new business opportunities may not be successful due to various reasons such as lack of market acceptance, inefficiency in operations and unsuccessful branding strategies. Additionally, to complement our business and strengthen our market leading position, we may form strategic cooperations or make strategic investments and acquisitions from time to time. We may experience difficulties in integrating our operations with the newly invested or acquired businesses, implementing our strategies or achieving expected levels of revenue, profitability, productivity or other benefits. As a result, we cannot assure you that our initiatives in exploring new business opportunities, entering into new markets, investments or acquisitions will benefit our business operations, generate sufficient revenue to offset the associated costs, or otherwise result in the intended benefits.

Macroeconomic factors have led to and may continue to have a material adverse impact on our businesses, financial position and results of operation.

The hotpot industry in China is subject to the impact of macroeconomic factors, including the changes in international, national, regional and local economic conditions, employment levels and expenditure pattern of consumers. In particular, all of our restaurants are located in China. Therefore, our results of operation are substantially affected by the macroeconomic environment in China. Any slowdown of economic growth in China, decrease in the disposable income of consumers, worry of economic recession and decline in consumer confidence may lead to a reduction in the customer traffic and the per capita consumption of our customers. In this regard, such macroeconomic factors may have a material adverse effect on our financial position and results of operation.

In addition, under general circumstances, the occurrence of sovereign debt crises, banking crises in the banking industry or other interruptions of the global financial markets may have a material adverse impact on the financing available to us. The turbulence of the financial market, banking system or currency exchange rate may seriously confine our ability to obtain financing from the capital market or financial institutions on commercially reasonable terms, or we cannot obtain financing at all. Such a situation may materially and adversely affect our businesses, financial position and results of operation.

Failure to comply with PRC property-related laws and regulations regarding our leased properties may adversely affect our business.

As of the Latest Practicable Date, certain of our leased properties from third parties in connection with operations had not completed all required legal and regulatory formalities: (i) property ownership certificates had not been provided by the respective lessors for six leased restaurant properties, with a total gross floor area of approximately 2,805.3 square meters, representing approximately 2.5% of our total leased GFA; (ii) one leased restaurant property, with a gross floor area of approximately 1,600 square meters (representing approximately 1.4% of our total leased GFA), was being used in a manner inconsistent with the designated use stated in the relevant property ownership certificate or planning documents; and (iii) we had not completed lease registration and filing procedures with the relevant PRC authorities for substantially all of our leased properties.

As advised by our PRC Legal Adviser, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, the relevant lease agreements may be deemed invalid, and as a result, we may be required to vacate from the relevant properties and relocate our restaurants. In this event, our operation of restaurants in such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. Also, we will incur additional costs in relocating our restaurants to other suitable locations, thus affecting our business operations and financial condition.

Failure to complete lease registration may, under PRC laws, result in a fine ranging from RMB1,000 to RMB10,000 per property. In the case of properties with usage defects, administrative penalties may be imposed on the landlords if the properties are leased for uses inconsistent with their approved purposes, and the competent authorities may order suspension of use or other corrective measures. While such penalties generally apply to the landlords rather than lessees, our operations on the affected premises could still be disrupted.

None of our PRC entities had received any administrative penalties or rectification notices as a result of above defects from government authorities during the Track Record and up to the Latest Practicable Date, we cannot assure you that we will not be subject to future compliance inspections or enforcement actions. Any forced relocation or disruption to our operations as a result of such defects may materially and adversely affect our business and results of operations.

Our failure to fully comply with PRC labor-related laws may expose us to potential penalties.

Under PRC laws, employers are required to contribute to social insurance and housing provident funds for their employees. During the Track Record Period and up to the Latest Practicable Date, we did not fully make the required contributions for employees. The shortfall in contributions amounted to RMB1.6 million, RMB1.2 million, RMB0.7 million and RMB0.1 million in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively. According to applicable laws and regulations, the government authorities may require us to rectify the shortfall, and failure to do so in a prescribed time limit could result in fines. See "Business — Our Employees — Social Insurance and Housing Provident Fund."

We cannot assure you that the relevant governmental authorities will not require us to pay the shortfall amount and impose late fees, fines, pecuniary penalties, or other administrative actions. If we are subject to investigations related to these labor law issues and face severe penalties or incur significant legal costs in connection with labor law disputes or investigations, our business, results of operations, financial performance and prospects could be materially and adversely affected.

We may not be able to adequately protect our intellectual property rights and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties.

We believe our trademarks, patents and other intellectual property rights are crucial to our success. However, we may face infringement of our intellectual property by third parties, such as unauthorized use or copying of our intellectual property. We are particularly exposed to product infringement risks, as there is no guarantee that our intellectual property will not be misused in the market. Infringers may illegally produce products using our intellectual property, and such incidents are often difficult to detect or prevent in a timely manner. These issues could harm our reputation and brand, which are key to our profitability and competitiveness. Moreover, our efforts to protect and enforce our intellectual property rights may not always be successful. Defending our intellectual property against infringement may require costly and time-consuming legal action, with uncertain outcomes. If we are unable to protect our intellectual property, it could negatively affect our business, financial performance, and prospects.

Additionally, we may face intellectual property infringement or misappropriation claims from third parties, such as the allegations on misappropriation of copyrighted pictures, software and fonts in our restaurant operation. Our restaurants in China typically play background music.

If any copyright holder or collective management organization claims that we have used music or audio content without proper authorization, we may be subject to legal proceedings, fines, demands for compensation, or an order to cease the relevant activities. Even if such claims are resolved, they could result in additional costs. There is also no assurance that we will be able to renew existing licenses or obtain new ones on commercially acceptable terms.

We may be subject to litigation and other legal proceedings and may not always be successful in defending ourselves against such claims or proceedings.

We may face litigation and other legal proceedings in the ordinary course of our business, including disputes related to products, liability, labor, contracts, or intellectual property. Such legal actions could negatively affect our financial performance and results of operation. They may also lead to adverse publicity, damaging our brand, reputation, and customer preference for our products. The outcomes of these proceedings are uncertain and may result in legal expenses, settlements, or decisions that harm our business, results of operation, and prospects.

Our insurance policies may not provide adequate coverage for all claims associated with our business operations.

As of the Latest Practicable Date, we have obtained insurance policies that we believe are customary for businesses of our similar size and type, and in line with the standard commercial practice in China. See "Business — Insurance." However, there are types of losses we may incur that cannot be insured or claimed against, such as loss of reputation. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our businesses and results of operation may be materially and adversely affected.

Increasing focus with respect to environmental, social and corporate governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and corporate governance matters, and failure to achieve or potential modification or discontinuation of certain or all environmental, social and corporate governance targets and/or plans, may subject us to penalties and/or adversely affect our business, results of operations, financial performance and prospects.

Relevant regulatory authorities and public advocacy groups have been increasingly focused on environmental, social and corporate governance ("ESG")-related issues in recent years, making our business more sensitive to ESG-related issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds and other influential investors have also been increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and relevant regulatory authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of the ESG practices of the target companies. Any ESG concern or issue could also increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and relevant regulatory authorities or are perceived to have not responded appropriately to the growing concern for ESG-related issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, results of operations, financial performance and the price of our Shares could be materially and adversely affected. Furthermore, to promote environmental responsibility and reduce our environmental footprint, we have established certain environmental targets and plans that are aligned with our overall business strategy and objectives. See "Business — Environmental, Social and Governance." Failure to achieve or potential modification or discontinuation of certain or all such ESG targets and/or plans may also adversely affect our corporate image, which could in turn result in adverse impacts on our business, results of operations, financial performance and prospects.

We may be directly or indirectly subject to anti-bribery, anti-corruption, anti-money laundering, or other similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, remedial measures and legal expenses, which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-bribery, anti-corruption, and anti-money laundering laws and regulations of the jurisdictions in which we operate. For example, the Anti-Unfair Competition Law and provisions of the Criminal Code prohibit giving and receiving money or property (which includes cash, proprietary interests and items of value) to obtain an undue benefit. Further, the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), promulgated by the Standing Committee of the National People's Congress, prohibits money laundering. In addition, many of our customers require us to follow strict anti-bribery as part of doing business with us.

In addition, although currently almost all of our business operations are in China, we are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We are also subject to the anti-bribery laws of other jurisdictions. As our business expands, the applicability of the FCPA and other anti-bribery laws to our operations will increase. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our staff or agents. If we, due to either our staff's deliberate or inadvertent acts or those of others, fail to comply with the applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant compliance expenses, which could have a material adverse effect on our business, financial condition, and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in economic, regulatory, political and social conditions could have a material and adverse effect on our business, results of operations, financial performance and prospects.

Almost all of our business operations and assets are located in China. Accordingly, our business, results of operation, financial performance and prospects may be influenced by the economic, regulatory, political and social conditions in China. China has implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. China's catering industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any changes in these factors may have material and adverse effects on our business, results of operation, financial condition and prospects.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [**REDACTED**] from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our business, results of operations, financial performance.

Tax implications of indirect transfers of equity interests in a PRC-resident enterprise by a non-resident enterprise need to be determined according to the effective laws and regulation and may negatively affect our business and our ability to conduct mergers, acquisitions or other investments.

On February 3, 2015, the State Taxation Administration ("STA") of the PRC issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("Circular 7"). Circular 7 provides comprehensive guidelines relating to, and heightened the Chinese tax authorities' scrutiny of, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("PRC Taxable Assets"). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, Circular 7 allows the Chinese tax authorities to reclassify this indirect transfer of PRC Taxable Assets into a direct transfer and impose on the non-resident enterprise a 10% rate of PRC enterprise income tax. Circular 7 exempts this tax, for example, (i) where a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling shares of a [**REDACTED**] overseas holding company in the public market, and (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds, and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax. Whether any exemptions under Circular 7 will be applicable to transfers of our Shares by our non-public Shareholders needs to be determined according to the effective laws and regulations. If the Chinese tax authorities impose PRC enterprise income taxes on these activities, the value of your investment in our Shares may be adversely affected.

We may be deemed as a PRC tax resident under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law, enterprises established under the laws of jurisdiction other than China may be considered PRC tax residents provided that their "de facto management body" is located within China. Supplementary rules of the EIT Law interpret "de facto management body" as a body that exercises substantial management or control over the business, personnel, finance and properties of an enterprise. Through a circular promulgated in April 2009, the STA of the PRC further clarified the criteria for determining whether an enterprise has a "de facto management body" within China. As most of our management is currently based in China and many may remain in China in the future, we and our non-PRC subsidiaries may be treated as PRC tax resident and a number of unfavorable tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income and to PRC enterprise income tax reporting obligations.

While the EIT Law provides that dividend income between "qualified resident enterprises" is exempt from PRC enterprise income tax, it is not clear whether our Company and our non-PRC subsidiaries would be eligible for such exemption were we considered to be PRC tax resident. In addition, if we are treated as PRC tax resident under Chinese laws, capital gains realized from sales of our Shares and dividends we pay to non-PRC resident Shareholders may be treated as income sourced within China. Accordingly, dividends we pay to non-PRC resident Shareholders and transfers of Shares by these Shareholders may be subject to PRC income tax. The tax on this income of non-PRC resident enterprise Shareholders would be imposed at a rate of 10% (and may be imposed at a rate of 20% in the case of non-PRC resident individual Shareholders). In the case of dividends, this tax would be withheld by us at source. Any PRC tax liability may ultimately be reduced under an applicable tax treaty. However, it is unclear whether, if we are deemed to be a PRC tax resident, our Shareholders would be able to obtain the benefits of any income tax treaties or agreements between their country or jurisdiction of tax residence and the PRC. If we are required to withhold PRC income tax on dividends payable to you, or if you are required to pay PRC income tax on the transfer of our Shares, the value of your investment in our Shares may be materially and adversely affected.

Any dividends paid by our PRC subsidiaries to us as a holding company are subject to PRC withholding taxes.

We rely on the distributions to us by our PRC subsidiaries for funding, including to pay dividends to our Shareholders and to service any debt we may incur. Under the EIT Law and its implementation rules, a 10% withholding tax is applicable to the profit of a foreign-invested enterprise distributed to its immediate holding company outside China to the extent the distributed profit is sourced from China, (i) if the immediate holding company is neither a PRC-resident enterprise nor has any establishment or place of business in China, or (ii) if the immediate holding company has an establishment or place of business in China but the relevant income is not effectively connected with the establishment or place of business. Pursuant to a special arrangement between Hong Kong and China, this rate could be lowered to 5% if a Hong Kong-resident enterprise directly owns over 25% of the Chinese company at all times during the 12-month period immediately prior to obtaining a dividend from such company. In addition, according to a tax circular issued by the STA in February 2009, if the main purpose of an offshore arrangement is to obtain preferential tax treatment, Chinese tax authorities have the discretion to adjust the tax rate enjoyed by the relevant offshore entity. Chinese tax authorities may not determine that the 5% tax rate applies to dividends received by our subsidiary in Hong Kong from our Chinese subsidiaries, or Chinese tax authorities may levy a higher withholding tax rate on these dividends in the future. In accordance with the Administrative Measures for Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the STA and came into effect on January 1, 2020, if non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept post-filing administration by the tax authorities.

Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payments to holders of our Shares and our ability to finance in foreign currencies.

The conversion of Renminbi into foreign currencies should be in compliance with relevant laws and regulations. We receive all of our revenue in Renminbi, and undertake certain transactions denominated in foreign currencies. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements. In particular, under the relevant existing exchange laws and regulations, without prior approval of the SAFE, cash generated from the operations of our PRC subsidiaries may be used to pay dividends to our Company, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have licenses to carry out foreign exchange business. However, the laws, regulations and governmental policies regarding currency conversion are generally complex and evolving. If we cannot obtain sufficient foreign currencies to satisfy our foreign currency demands via the foreign exchange regulation system, we may not be able to pay dividends in foreign currencies to our Shareholders. Foreign exchange transactions under our capital account are subject to the relevant foreign exchange regulations and policies and may need approval from the SAFE or its local branches. These regulations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Fluctuations in the value of the Renminbi may have an adverse effect on our financial results, and impact dividend payments, if any, to our Shareholders.

Fluctuations in exchange rates between Renminbi, Hong Kong dollar, the US dollar and other currencies are unpredictable, and may be affected by a number of factors, such as economic and political developments. There can be no assurance that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or US dollar in the future. It is difficult to predict how market forces may impact the exchange rates between Renminbi and foreign currencies in the future.

Revaluation of the Renminbi could negatively impact your [**REDACTED**]. For instance, if we need to convert Hong Kong dollars received from this [**REDACTED**] into Renminbi for our operations, an appreciation of the Renminbi against the Hong Kong dollar would reduce the Renminbi amount we receive from the conversion. Conversely, if we need to convert Renminbi into Hong Kong dollars for dividend payments or other business purposes, an appreciation of the Hong Kong dollar against the Renminbi would reduce the Hong Kong dollar amount available to us. Therefore, fluctuations in exchange rates may adversely affect your [**REDACTED**] in [**REDACTED**].

You may encounter difficulty in effecting service of legal process upon, and enforcing foreign judgments against, us, our Directors and senior management.

We are a holding company incorporated in the Cayman Islands and operate our businesses through our operating subsidiaries in China. Most of our Directors and senior management members reside in China and the majority of their assets are within China.

On July, 3 2008, the Supreme People's Court of China and Hong Kong promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2008 Arrangement"), which became effective on August 1, 2008. Under the Arrangement, a party with an enforceable final court judgment rendered by any designated court of mainland China or any designated court of the Hong Kong Special Administrative Region requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant court of mainland China or court of the Hong Kong Special Administrative Region. Similarly, where a party obtains an enforceable final judgment requiring payment of money from a court of mainland China based on a choice of court agreement in writing, it may apply for recognition and enforcement in the court of the Hong Kong Special Administrative Region. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of this arrangement in which a court of mainland China or a court of the Hong Kong Special Administrative Region is expressly designated as the court having sole jurisdiction for the dispute. As a result, if the parties have not executed such a written choice of court agreement, the judgment rendered by a court of the Hong Kong Special Administrative Region may not be enforceable in mainland China under this arrangement.

On January 25, 2024, the Supreme People's Court of China and Hong Kong promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決 的安排》) (the "2024 Arrangement"), which became effective on January 29, 2024. Compared with the 2008 Arrangement, the 2024 Arrangement seeks to establish a bilateral legal mechanism that provides clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The 2024 Arrangement is applicable to judgments rendered by courts in the Mainland and the Hong Kong Special Administrative Region on or after its commencement date. The 2008 Arrangement has been superseded upon the effective date of the 2024 Arrangement. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" as defined in the 2008 Arrangement which is entered into before the 2024 Arrangement taking effect. As the 2024 Arrangement went effective relatively recently, its implementation and interpretation are still evolving.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

There has been no prior public market for our Shares, and an active [REDACTED] market for our Shares may not develop or be sustained.

Before the [**REDACTED**], there was no public market for our Shares. The initial [**REDACTED**] range of our Shares, and the [**REDACTED**], will be the result of negotiations between the Overall Coordinators (for themselves and on behalf of the [**REDACTED**]) and us. The [**REDACTED**] may differ from the [**REDACTED**] for our [**REDACTED**] following the [**REDACTED**].

In addition, while we have applied to have our [**REDACTED**] on the Stock Exchange, (i) an active [**REDACTED**] market for our [**REDACTED**] may not develop or, (ii) if it does, that it may not be sustained following completion of the [**REDACTED**], or (iii) the [**REDACTED**] of our Shares may decline below the [**REDACTED**]. You may not be able to resell your shares at a price that is attractive to you, or at all.

The [REDACTED] and [REDACTED] volume of our [REDACTED] may be volatile, which could lead to substantial losses for [REDACTED].

The [**REDACTED**] and [**REDACTED**] volume of our [**REDACTED**] may be volatile. The [**REDACTED**] of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control: (i) actual or anticipated variations of our results of operations; (ii) loss of key raw material and packaging material suppliers; (iii) changes in securities analysts' estimates or market perception of our financial performance; (iv) announcement by us of significant acquisitions; (v) addition or departure of senior management members or other key personnel; (vi) fluctuations in stock market price and volume; (vii) regulatory or legal developments, including involvement in litigation; (viii) fluctuations in [**REDACTED**] volume or the release of lock-up or other transfer restrictions on our outstanding [**REDACTED**] or sales of additional [**REDACTED**] by us; and (ix) general economic, political and stock market conditions.

Additionally, stock markets and shares of other companies [**REDACTED**] on the Stock Exchange with significant operations and assets in China have experienced increased price and volume fluctuations in recent years. Some of these fluctuations have been unrelated or disproportionate to the actual operating performance of these companies. These broader market and industry fluctuations could materially and adversely impact the [**REDACTED**] of our Shares.

[REDACTED] of our Shares in the [REDACTED] will experience immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The initial [**REDACTED**] of our [**REDACTED**] is higher than the net tangible asset value per Share of the outstanding [**REDACTED**] issued to our existing Shareholders immediately prior to the [**REDACTED**]. Therefore, [**REDACTED**] of our Shares in the [**REDACTED**] will experience an immediate dilution in terms of the [**REDACTED**] net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. [**REDACTED**] of our Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the [REDACTED] of our Shares and our ability to raise additional capital in the future.

The market [**REDACTED**] of our [**REDACTED**] could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their shareholdings if we issue additional Shares other than on a pro rata basis to existing Shareholders. New Shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

Our Controlling Shareholders are able to exercise significant influence over us. The interests of our Controlling Shareholders may not align with that of our other Shareholders.

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme), our Controlling Shareholders in aggregate will own approximately [**REDACTED**]% of the enlarged share capital of our Company. Our Controlling Shareholders will have the ability to exercise significant influence over us, including matters relating to the nomination and election of our Directors, business strategies, dividend and other distributions, and major corporate activities, including securities offerings, acquisitions or investments. The interests of our Controlling Shareholders may not align with that of our other Shareholders. As a result, our Controlling Shareholders may take actions that other Shareholders may not agree with or that are not in our, or our other Shareholders' best interests.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by our Memorandum and Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interest of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

Certain statistics contained in this Document are derived from a third-party report and publicly available official sources.

This Document, particularly the section headed "Industry Overview", contains information and statistics relating to the markets in which operate. Such information and statistics have been derived from various official government and other publications and from a third-party report commissioned by us. However, we cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**], any of our or their respective directors, officers or representatives, or any other parties involved in the [**REDACTED**], and no representation is given as to their accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up to date. In any event, you should consider carefully the importance placed on such information or statistics.

Facts, forecasts and statistics in this Document relating to the PRC and global economy and the industry in which we operate may not be fully reliable.

Certain facts, forecasts and statistics in this Document relating to the PRC and global economy and the industries in which we operate are obtained from official government publications that we believe are reliable. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Overall Coordinators nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

You should read the entire Document carefully, and we caution you to not rely on any information contained in press articles or other media regarding us or the [REDACTED].

Prior to the publication of this Document, there has been press and media coverage regarding us and the [**REDACTED**], including but not limited to certain financial information, projections, industry comparison, valuations and/or other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any such information appearing in publications other than this Document is inconsistent with, or conflicts with, the information contained in this Document, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to [**REDACTED**] our Shares, you should rely only on the information included in this Document.

In preparation of the [**REDACTED**], the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, except as otherwise permitted by the Stock Exchange at its discretion, all applicants applying for a primary [**REDACTED**] on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of an applicant's executive directors must be ordinarily resident in Hong Kong.

Our headquarters are based, and all of the business operations of our Group, are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC and they play very important roles in our Company's business operations. It is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, or does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied for, and the Stock Exchange [has granted] the Company, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that the Company implements the following arrangements:

(i) We have appointed Mr. Liu Niankang (劉年康), our executive Director, and Ms. Fong Christine Haiman (方希琳) ("**Ms. Fong**"), our joint company secretary, as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile (if applicable) and email to promptly deal with inquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. In addition, Ms. Fong ordinarily resides in Hong Kong. Accordingly, each of the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period as and when required. Our Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. See "Directors and Senior Management" for more information about our Authorized Representatives;

(ii) When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives has means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;

(iii) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time;

(iv) We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser effective upon the [**REDACTED**] pursuant to Rules 3A.19 of the Listing Rules for the period commencing from the date of our [**REDACTED**] until the date on which our Company announces our financial results and distributes our annual report for the first full financial year after the date of our [**REDACTED**] pursuant to the requirement under Rule 13.46 of the Listing Rules. The Compliance Adviser will have access at all times to our Authorized Representatives, Directors, and members of our senior management, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. To the extent reasonably practicable and legally permissible, the Company will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and the Company and meetings between the Stock Exchange and the Directors could be arranged through the Authorized Representatives or the Compliance Adviser, or directly with the Directors within a reasonable time frame. The contact details of the Compliance Adviser have been provided to the Stock Exchange and the Company will inform the Stock Exchange promptly in respect of any change in the Compliance Adviser; and

(v) The Company has designated staff members as the communication officer at the Company's headquarters after the [**REDACTED**] who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or inquiries from the Stock Exchange and report to the executive Directors to further facilitate communication between the Stock Exchange and the Company.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Hu Lina (胡莉娜) ("**Ms. Hu**"), as one of our joint company secretaries. Ms. Hu has sufficient experience in corporate financing, finance and investor relationships of our Company but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Fong Christine Haiman (方希琳) ("**Ms. Fong**"), who is associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. Fong will provide assistance to Ms. Hu for an initial period of three years from the [**REDACTED**] to enable Ms. Hu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Ms. Hu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Hu may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company. The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Ms. Fong will work closely with Ms. Hu to jointly discharge the duties and responsibilities as company secretary and assist Ms. Hu in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Fong will also assist Ms. Hu in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Fong is expected to work closely with Ms. Hu and will maintain regular contact with Ms. Hu, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Fong ceases to provide assistance to Ms. Hu as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Hu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Hu will also be assisted by (a) Compliance Adviser of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Hu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will liaise with and seek the Stock Exchange's confirmation to enable it to assess whether Ms. Hu, having benefited from the assistance of Ms. Fong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE OPTION SCHEME

Rule 17.02(1)(b) of the Listing Rules requires a [**REDACTED**] applicant to, inter alia, disclose in this Document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [**REDACTED**] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

Paragraph 27 of Appendix D1A to the Listing Rules requires a [**REDACTED**] to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

According to Chapter 3.6 of the Guide for New Listing Applicants published by the Stock Exchange, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted all options under the Share Option Scheme to a total of 142 eligible grantees, all of them are employees of our Company, to subscribe for an aggregate of [**REDACTED**] Shares (taking into account the [**REDACTED**]), representing approximately [**REDACTED**] of the total number of Shares in issue as of the Latest Practicable Date, and approximately [**REDACTED**]% of the total number of Shares in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options under the Share Option Scheme are not exercised). As such, the maximum number of Shares that may be issued pursuant to the share options under the Share Option Scheme shall not exceed [**REDACTED**] Shares (taking into account the [**REDACTED**]) in the aggregate. For details, please see the section headed "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes — 1. Share Option Scheme" in Appendix IV to this Document. As of the Latest Practicable Date, none of the grantees of the Share Option Scheme was a Director, senior management, consultant or a connected person of the Company.

We have applied to the Stock Exchange and the SFC, respectively, for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) given that 142 grantees are involved, setting out full details of all the grantees under the Share Option Scheme in this Document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and Document preparation;

(b) as of the date of this Document, the grantees under the Share Option Scheme are all employees and are not connected persons of our Company. Disclosing the names, addresses and entitlements on an individual basis in this Document will require number of additional pages of disclosure that does not provide any material information to the investing public;

(c) the grant and exercise in full of the options under the Share Option Scheme will not cause any material adverse impact on the financial position of our Company;

(d) deviation from strict compliance with the disclosure requirements would not deprive potential investors of information necessary for them to make an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group; and

(e) material information relating to the options under the Share Option Scheme will be disclosed in this Document, including a summary of the major terms of the Share Option Scheme, the total number of Shares to be issued subject to the Share Option Scheme, the exercise price per Share, the exercise period, the potential dilution effect on shareholding and the impact on earnings per Share upon full exercise of the share options. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision making process has been included in this Document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.

The Stock Exchange [has granted] to us a waiver under the Listing Rules on the conditions that:

(a) in respect of the options granted by our Company under the Share Option Scheme to the grantees, disclosures are made of, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (i) 1 to 100,000 Shares, (ii) 100,001 to 200,000 Shares, and (iii) 200,001 to 500,000 Shares (taking into account the [**REDACTED**]). For each lot of Shares, the following details are disclosed in this Document, including (1) the aggregate number of such grantees and the number of Shares underlying the options granted to them under the Share Option Scheme, (2) the consideration paid for the grant of the options under the Share Option Scheme, and (3) the exercise period and the exercise price for the options granted under the Share Option Scheme;

(b) there will be disclosure in this Document for the aggregate number of Shares underlying the options under the Share Option Scheme and the percentage of our Company's total issued share capital represented by such number of Shares as of the date of this Document;

(c) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Share Option Scheme will be disclosed in "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes — 1. Share Option Scheme" in Appendix IV to this Document;

(d) a summary of the major terms of the Share Option Scheme will be disclosed in "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes — 1. Share Option Scheme" in Appendix IV to this Document;

(e) the particulars of the waiver will be disclosed in this Document;

(f) a full list of all the grantees (including the persons referred to in paragraph (a) above) who have been granted options to subscribe for Shares under the Share Option Scheme, containing all the details as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Documents Available for Inspection" in Appendix V to this Document; and

(g) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has agreed] to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) subject to the conditions that:

(a) in respect of the options granted by our Company under the Share Option Scheme to the grantees, disclosures are made of, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (i) 1 to 100,000 Shares, (ii) 100,001 to 200,000 Shares, and (iii) 200,001 to 500,000 Shares (taking into account the [**REDACTED**]). For each lot of Shares, the following details are disclosed in this Document, including (1) the aggregate number of such grantees and the number of Shares underlying the options granted to them under the Share Option Scheme, (2) the consideration paid for the grant of the options under the Share Option Scheme, and (3) the exercise period and the exercise price for the options granted under the Share Option Scheme;

(b) a full list of all the grantees (including the persons referred to in paragraph (a) above) who have been granted options to subscribe for Shares under the Share Option Scheme, containing all the details as required under paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Documents Available for Inspection" in Appendix V to this Document;

(c) the particulars of the exemption will be disclosed in this Document; and

(d) this Document is issued on or before [**REDACTED**].

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Du Zhongbing (杜中兵)	Room 28, Building 20 No. 9 Tianze Street, Jinshui District Zhengzhou, Henan China	Chinese
Mr. Liu Changqing (劉常青)	Room 1403, Unit 1, Building 4 Courtyard 77, Hanghai East Road Guancheng Hui District Zhengzhou, Henan China	Chinese
Mr. Li Hao (李浩)	Room 602, No. 148, Lane 1638 Hu Qing Ping Road, Xujing Town Qingpu District Shanghai China	Chinese
Mr. Liu Niankang (劉年康)	Room 2307, Floor 20 Block 207, No. 28 Guangqu Road Chaoyang District Beijing China	Chinese
Ms. Xu Chu (徐楚)	Room 1502, Unit 1, Building 9 Courtyard 6, Lizexi Street Chaoyang District Beijing China	Chinese
Non-executive Director		
Ms. Guo Wenying (郭文英)	Room 1002, Building 15 No. 2 Huangqu East Road Chaoyang District Beijing China	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Hu Xiaoming (胡曉明)	Room 401, No. 10, Lane 643 Changqing Road Pudong New Area Shanghai China	Chinese
Dr. Zhu Rui (朱睿)	Room 601, Gorgeous Family Building 10 Lane 555 Golden City Road Changning District Shanghai China	Chinese
Dr. Cheng Lin (程林)	Room 1001, Building 11 No. 777 Biyun Road Pudong New Area Shanghai China	Canadian

For further information of our Directors, please see the section headed "Directors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and Sponsor-Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong

[REDACTED]

[REDACTED]

Legal advisers to our Company	*As to Hong Kong and United States laws:* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing PRC *As to Cayman Islands laws:* **Harney Westwood & Riegels** 3501 The Center 99 Queen's Road Central Central, Hong Kong

Legal advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC laws:* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District Beijing China
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai China
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House 71 Des Voeux Road Central Central Hong Kong

[REDACTED]

Registered Office	Citrus Grove, Ground Floor 106 Goring Avenue George Town, Grand Cayman Cayman Islands
Head Office and Principal Place of Business in the PRC	Level 2, Hopson Fortune Plaza No. 23 Xidawang Road Chaoyang District Beijing China
Principal Place of Business in Hong Kong	Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**http://www.banu.cn** *(the information contained on this website does not form part of this Document)*
Joint Company Secretaries	**Ms. Hu Lina** (胡莉娜) Level 2, Hopson Fortune Plaza No. 23 Xidawang Road Chaoyang District Beijing China **Ms. Fong Christine Haiman** (方希琳) *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Authorized Representatives	**Mr. Liu Niankang** (劉年康) Level 2, Hopson Fortune Plaza No. 23 Xidawang Road Chaoyang District Beijing China
	Ms. Fong Christine Haiman (方希琳) Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Dr. Cheng Lin (程林) *(Chairperson)* Mr. Hu Xiaoming (胡曉明) Dr. Zhu Rui (朱睿)
Remuneration Committee	Dr. Zhu Rui (朱睿) (*Chairperson*) Dr. Cheng Lin (程林) Mr. Du Zhongbing (杜中兵)
Nomination Committee	Mr. Du Zhongbing (杜中兵) (*Chairperson*) Dr. Zhu Rui (朱睿) Dr. Cheng Lin (程林)

[**REDACTED**]

Principal Banks	**China Merchants Bank Zhengzhou Branch Operating Department** China Merchants Bank Tower No. 96 East Nongye Road Zhengdong New Area Zhengzhou China
	China CITIC Bank Zhengzhou Huayuan Road Sub-branch Building 1, Courtyard 14, Weiwu Road Jinshui District Zhengzhou Henan China
	Industrial and Commercial Bank of China Zhengzhou Railway Sub-branch No. 33 Middle Longhai Road Erqi District Zhengzhou Henan China

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications generally believed to be reliable and from the market research report prepared by Frost & Sullivan, which we commissioned. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect.

However, information and statistics from official government sources have not been independently verified by us or any other parties involved in the [**REDACTED**] *and no representation is given as to their accuracy. The information and statistics contained in this section may not be consistent with other information and statistics compiled within or outside of China. As a result, you are advised not to place undue reliance on such information.*

CHINA'S CATERING INDUSTRY OVERVIEW

The Chinese catering industry refers to the commercial activities of cooking, preparing, and selling food to customers in specific locations. The catering market is one of the largest consumption markets in China.

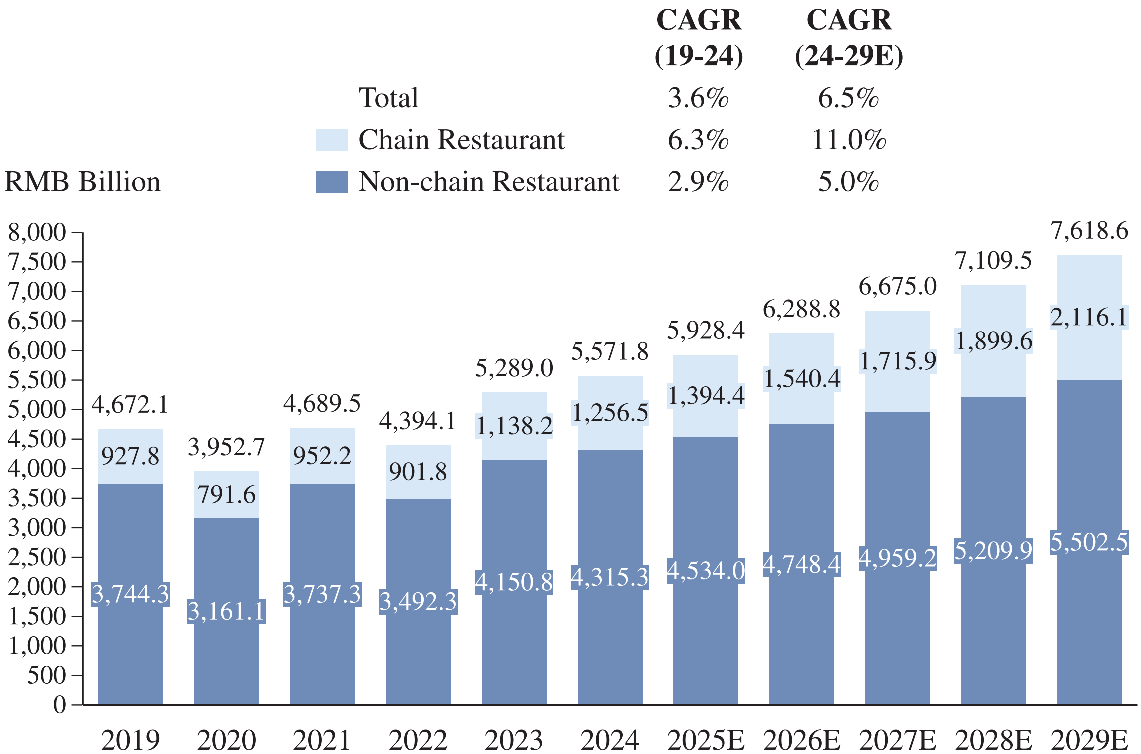
The catering industry can be categorized by cuisine type into several types, including Chinese cuisine such as hotpot, Sichuan cuisine, Cantonese cuisine, western cuisine such as western fast food, Italian cuisine, and other types of cuisine.

MARKET SIZE OF CHINA'S CATERING INDUSTRY

China's catering industry achieved a growth from RMB4,672.1 billion in 2019 to RMB5,571.8 billion in 2024, representing a CAGR of approximately 3.6%.

China has significant untapped potential for increasing the proportion of chain restaurants, and the trend toward large-scale chains is on the rise. With the development of digitalization and the expansion of delivery services in the chain restaurant market, its market size grew rapidly from RMB927.8 billion in 2019 to RMB1,256.5 billion in 2024, representing a CAGR of approximately 6.3%, outpacing the growth rate of the non-chain restaurant market. Chain restaurants are more resilient than non-chain restaurants because of the scale effect and supply chain advantages, brand influence and standardized operations, anti-risk capital and resource support. Thanks to efficient management capabilities, a well-established supply chain, a higher level of standardization and stronger capital support, the chain restaurant market is expected to grow rapidly in the future, reaching approximately RMB2,116.1 billion in 2029 at a CAGR of 11.0%.

Market Size of China's Catering Market, Breakdown by Operating Model, 2019-2029E



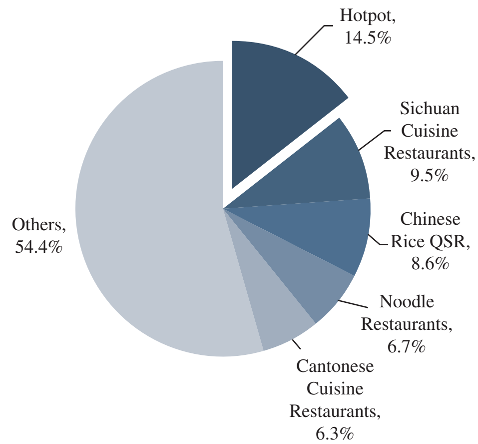
Source: Frost & Sullivan

Comparing with developed countries in the world, China still has a relatively low restaurant chainization rate of 22.6%. U.S., Japan, South Korea and UK has restaurant chainization rate of 56.9%, 53.2%, 47.2%, 46.4%, respectively.

The catering industry can be categorized by cuisine type into several types, including Chinese cuisine, western cuisine and other types of cuisine. Chinese cuisine is the largest segment accounting for 76.8%.

Hotpot is highly welcomed by Chinese consumers. It accounted for the largest proportion in Chinese cuisine market among all cuisine styles in China in 2024 with a total market share of 14.5%.

Revenue of Chinese Cuisine Restaurants, Breakdown by Cuisine Style, 2024



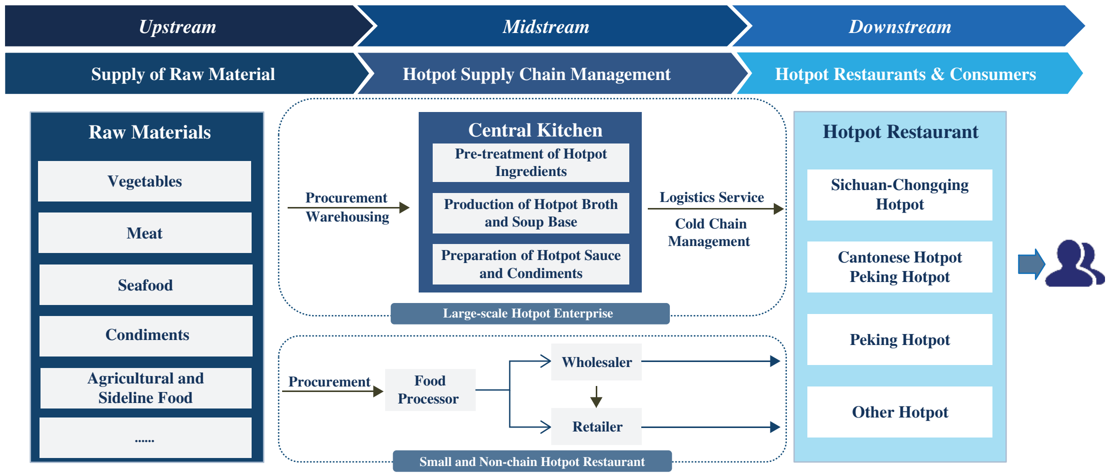
Source: Frost & Sullivan

CHINA'S HOTPOT INDUSTRY OVERVIEW

Hotpot refers to several East Asian varieties of stew, consisting of a simmering metal pot of stock at the center of the dining table. Typical hotpot dishes include various types of foods, including tripe, sliced meat, fresh vegetables, tofu and seafood; and the cooked food is usually eaten with a dipping sauce. Hotpot could be divided into premium market, mid to high-end market and mass market. Premium market refers to hotpot market with per capita average spending over RMB120. Mid to high-end market refers to hotpot market with per capita average spending between RMB60-120. The per capita average spending of mass hotpot market is under RMB60. Premium hotpot brands normally offer higher quality ingredients, a differentiated experience and higher health and safety standards.

Upstream of China's hotpot industry refers to the supply of raw materials, responsible for producing and supplying food ingredients such as vegetables, fruits, meat, seafood, etc. Midstream is a supply chain management service. Other than purchasing directly from food processors or wholesalers, large-scale hotpot enterprises procure raw materials from self-built or third-party central kitchens, which perform centralized pre-preparation of hotpot ingredients, hotpot broth and soup base, and hotpot sauce and condiments. Unlike other Chinese food which will be processed after the ingredients are fried and so on, the core feature of hotpot catering is that the ingredients are provided directly to the consumers, and the consumers can visualize the ingredients, so the quality and freshness of the ingredients will be even more important compared to other Chinese restaurants. In order to ensure the quality of ingredients, for large-scale hotpot enterprises, a strong and reliable supply chain and central kitchen has become a must, especially on the upper reaches of quality and characteristics of the grasp of the ingredients as well as to be able to all-around safe and stable processing and distribution system is one of the core elements of the success of hotpot enterprises.

Value Chain of China's Hotpot Industry



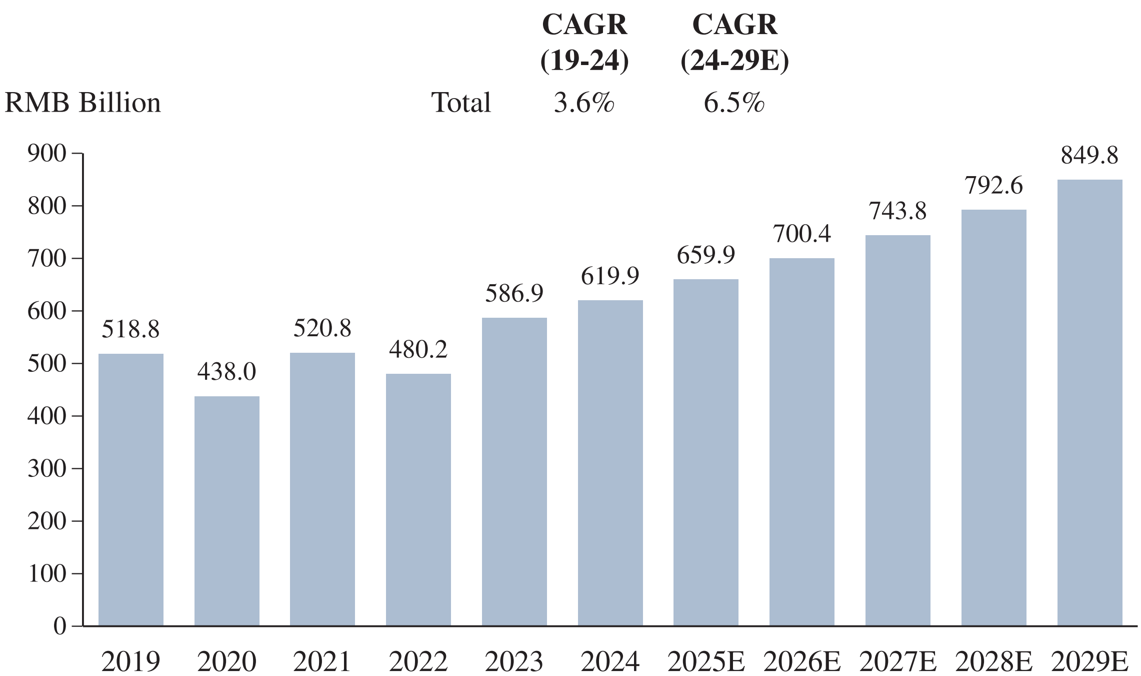
Source: Frost & Sullivan

MARKET SIZE OF CHINA'S HOTPOT INDUSTRY

The market size of hotpot industry increased from RMB518.8 billion in 2019 to RMB619.9 billion in 2024, representing a CAGR of 3.6%. The market scale of hotpot industry maintains a high growth rate and a healthy development trend. Consumers love hotpot due to its high degree of standardization, mature management system and broad mass base.

In the future, the market size of hotpot industry is expected to grow rapidly and reach approximately RMB849.8 billion in 2029 at a CAGR of 6.5%.

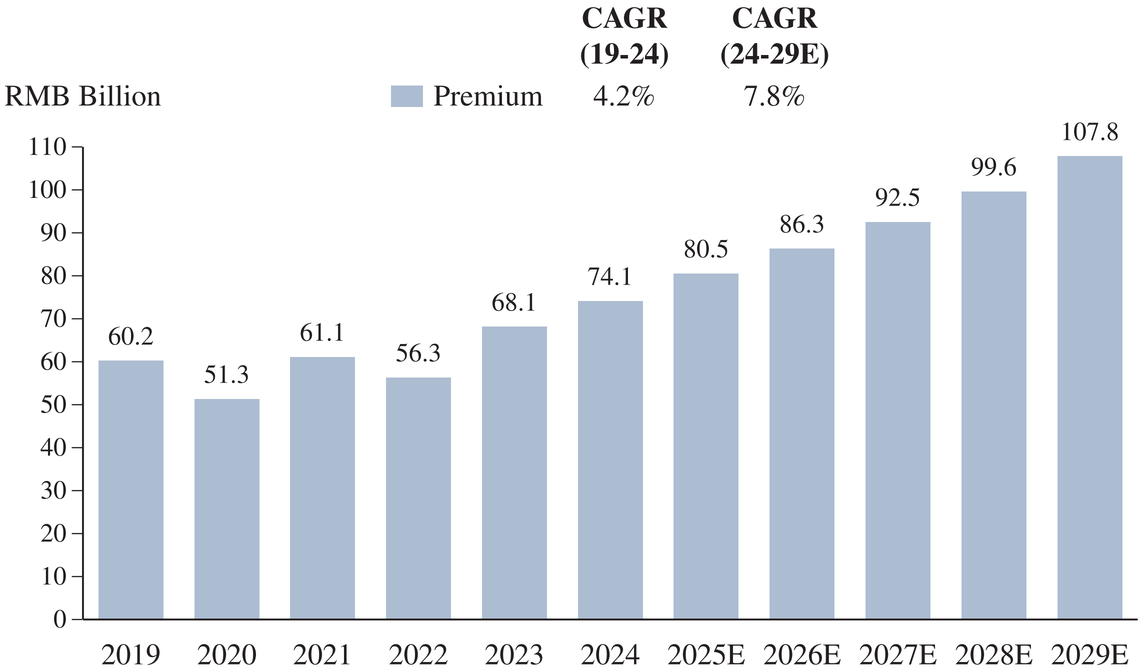
Market Size of Chinese Hotpot Market, 2019-2029E



Source: Frost & Sullivan

Premium hotpot has more core competitiveness in this context due to consumers' demand for quality ingredients, differentiated experiences and health and safety standards, its market size grew rapidly from RMB60.2 billion in 2019 to RMB74.1 billion in 2024, representing a CAGR of approximately 4.2%. In the future, the premium hotpot market is expected to grow rapidly and reach approximately RMB107.8 billion in 2029 at a CAGR of 7.8%.

Market Size of Chinese Premium Hotpot Market, 2019-2029E



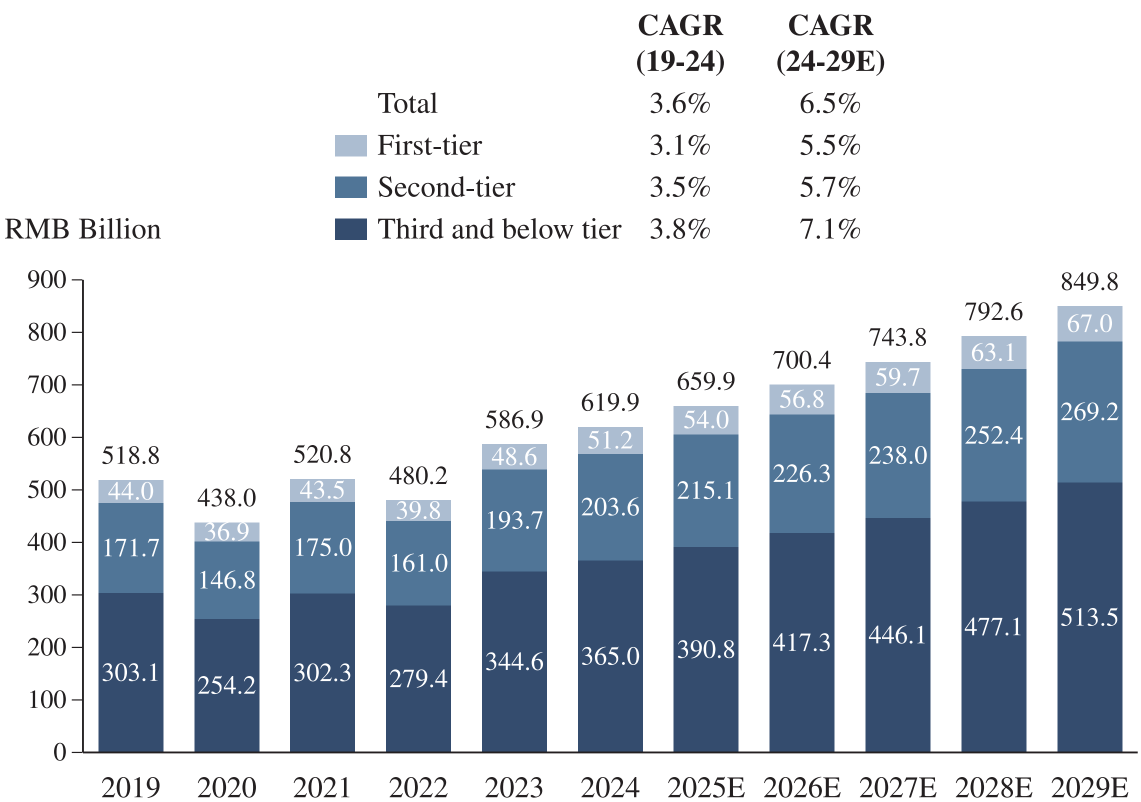
Source: Frost & Sullivan

The hotpot market in first-tier increased from RMB44.0 billion in 2019 to RMB51.2 billion in 2024, representing a CAGR of 3.1%, and is expected to reach RMB67.0 billion in 2029 at a CAGR of 6.5% from 2024 to 2029. The hotpot market in second-tier cities accounted for 32.9% of the total hotpot market in 2024 in China and is expected to rise to RMB269.2 billion in 2029 with a CAGR of 5.7% since 2024.

With rising income and increasingly fast-paced life, people in third-tier and below cities have an increasing demand for dining out, especially for the restaurants providing quality food with good atmosphere. This is expected to continue to drive the development of hotpot market in third-tier and below cities.

The market size of hotpot in third-tier and below cities is expected to rise to RMB513.5 billion in 2029 with a CAGR of 7.1% since 2024.

Market Size of Chinese Hotpot Market, Breakdown by City Tier, 2019-2029E



Source: Frost & Sullivan

MARKET DRIVERS AND FUTURE TRENDS ANALYSIS OF CHINA'S HOTPOT INDUSTRY

Rising Demand for Quality, Fresh, and Health-Conscious Ingredients: One of the key drivers behind the growth of the hotpot industry is the increasing consumer demand for ingredient quality, freshness, and health attributes. As disposable income rises and health awareness improves, dining preferences have shifted from purely flavor-driven to a more balanced focus on food safety, nutrition, and differentiated experiences. Leading brands are responding to heightened consumer awareness by prioritizing traceable sourcing (e.g., blockchain-backed meat provenance, real-time freshness metrics for seafood) and transparent supply chains, which directly address diners' safety concerns and quality expectations. Hotpot companies are responding by enhancing supply chain management and innovating product processing, gradually raising ingredient standards — for example, by introducing fresh vegetables, additive-free soup bases, and regionally distinctive ingredients. Leading brands further reinforce consumers' perceptions of quality by providing transparent sourcing information and clear nutritional labeling.

The Expansion of Mid-to-High-End Shopping Malls: The channel expansion of the hotpot industry is closely linked to the development and geographic penetration of mid-to high-end shopping malls. The number of shopping malls in China grew from approximately 5.9 thousand in 2019 to 7.5 thousand in 2024, reflecting a CAGR of 4.9%, with projections indicating further growth to 9.4 thousand by 2029. These new shopping malls is expected to bring rising number of locations for restaurants brands and hotpot companies, especially leading brands, to further expand presence across cities of different tiers.

Improvement in Food Supply Chain Infrastructure Supports Efficiency Gains: The hotpot industry's supply chain is undergoing transformation, shifting toward integrated end-to-end operations. The scaled growth of the hotpot industry is facilitated by continuous enhancements in the food supply chain ecosystem. The adoption rate of central kitchens has increased, with standardized processing reducing back-of-house steps at restaurants. This lowers labor dependency while ensuring consistent quality. Food processing enterprises and central kitchens of hotpot enterprises have improved standardization through refined production processes, such as pre-prepared hotpot ingredients and manufacturing of customized compound condiments. These advancements help reduce kitchen processing complexity at restaurant locations while ensuring a stable ingredient supply for chain hotpot brands. Hotpot operators further optimize procurement costs by adopting centralized purchasing, direct sourcing from producers, and contract farming partnerships, which streamline distribution channels. In upstream operations, leading companies shorten supply chain tiers through direct sourcing from production regions, securing premium ingredients, and achieving procurement cost optimization. Additionally, the development of cold chain logistics infrastructure plays a critical role in maintaining ingredient freshness and safety during cross-regional distribution. This vertical integration from "farm-to-table" enables simultaneous enhancements in product quality and cost efficiency, driving the industry's shift from extensive expansion to precision management. The coordinated upgrades across supply chain segments enable the industry to balance quality consistency with operational efficiency, providing foundational support for chain-based expansion.

Growing Penetration of Dining Out: Rising income levels have supported ongoing shifts in food consumption habits. The fast-paced lifestyle in China continues to drive demand for dining out, with more residents choosing restaurants over home cooking. The dining-out penetration rate, which is the percentage of person-times that dine out, has increased from approximately 23.8% in 2019 to 25.6% in 2024 and is projected to reach around 28% by 2029. This growth is supported by increasing household spending, accelerating urbanization, and the rapid expansion of food delivery services. Compared with developed economies such as the U.S., Japan, and Europe, China still has room for further growth. The full-scenario adaptability and social attributes of the hotpot category make it a core beneficiary of the increase in the penetration rate of dining out. Hotpot suits both large-group social dining occasions, such as family gatherings or friend get-togethers, and smaller-scale settings, including two-person or solo meals, offering greater flexibility than traditional full-course dining formats. Additionally, as urbanization progresses and social interaction becomes more important in daily life, hotpot's inherently interactive and immersive dining experience positions it as a popular choice for social dining. For the hotpot industry, stable social dining demand continues to drive consumption. Hotpot is often the preferred choice for group meals due to its interactive format and relaxed atmosphere. With rising frequency and spending on dining out, China's hotpot market is expected to grow continuously in the future.

Standardized Operations and Chain Expansion: The scalability of the hotpot industry is closely tied to its highly standardized operational model. Compared to traditional dining formats reliant on chef expertise, hotpot establishments reduce operational complexity and labor costs through standardized ingredients, centralized kitchen processing, and streamlined kitchen operations. For instance, leading brands leverage central kitchens for soup base production, ensuring consistent flavor profiles. This approach shortens the new store launch cycle. Such standardization has accelerated chain expansion within the industry, attracting sustained capital investment to support network growth. The rapid replication capability under standardized systems enables hotpot brands to penetrate new regions and capture market share, ultimately driving higher industry consolidation.

Digital Tool Adoption Enhances Operational Efficiency: The hotpot industry's operational efficiency gains are increasingly anchored in digital tool integration. Smart ordering systems streamline service flows by reducing wait times and boosting order value through dynamic menu recommendations, while membership platforms leverage consumer data analytics to refine targeted marketing and loyalty programs. Supply chain digitization enhances inventory management, with leading brands achieving reductions in ingredient waste. Back-end automation, such as AI workforce scheduling, unified payment interfaces, reduces labor and reconciliation costs. This holistic digital transformation across front-to-back operations elevates labor productivity and space utilization, enabling scalable growth.

Rising Chain Penetration and Market Concentration: The hotpot industry is accelerating toward higher levels of chain penetration and market concentration. The chain penetration rate of China's hotpot industry increased from 38.6% in 2019 to 43.9% in 2024, it is expected to reach 47.9% in 2029. This trend is largely driven by the standardization capabilities and scale advantages of leading brands. Enterprises operating under a self-operated model leverage central kitchen systems and digital management tools to ensure consistency in product and service delivery. In parallel, large-scale operators benefit from cost advantages through centralized procurement, building a sustainable cost barrier. On the demand side, consumers' growing emphasis on food safety, product consistency, and standardized dining experience further supports market concentration. The market share of the top five hotpot brands reached 8.1% in 2024 from 7.9% in 2022. Looking ahead, chain brands with strong supply chain control and refined operational systems are expected to further expand their market presence through self-operated or managed franchise models, driving a continued rise in industry concentration.

Increasing Customer Base of Hotpot in Overseas Market: The globalization of the hotpot industry is emerging as a strategic growth pathway. The rising demand for Chinese cuisine in overseas markets has established the hotpot as a recognized category, particularly within Chinese diaspora communities. Leading domestic brands are addressing taste adaptation challenges by exporting supply chain capabilities (e.g., industrialized broth production and cold chain solutions) and implementing localized adaptations (such as reduced spice levels and ingredient localization). Concurrently, acceptance among non-Chinese consumers is increasing, with hotpot becoming a preferred dining format for experiencing Chinese culture.

COMPETITIVE LANDSCAPE OF CHINA'S HOTPOT MARKET

China's hotpot market is relatively fragmented, with top 5 players accounted approximately around 8.1% of the market share in terms of revenue in 2024.

The Group was the third largest brand in China's hotpot market in terms of revenue, occupying 0.4% market share in 2024. In addition, The Group has 144 stores by the end of 2024.

Ranking and Market Share of Leading Players in China's Hotpot Market, by Revenue, 2024

Ranking	Brand	Revenue, 2024 (RMB Billion)	Market Share 2024 (%)	Average Expense Per Person, RMB	22-24 CAGR
1	Brand A	41.3	6.7	97.5	17.5%
2	Brand B	2.6	0.4	54.8	6.9%
3	**The Company**	**2.3**	**0.4**	**142**	**26.9%**
4	Brand C	2.1	0.3	~105	~5%
5	Brand D	1.6	0.3	123.5	-10.0%
	Top 5	**49.9**	**8.1**		
	Others	**570**	**91.9**		
	Total	**619.9**	**100.0**		

Source: Frost & Sullivan

Notes

1. Brand A: Established in 1994, this company is a publicly listed company headquartered in Jianyang, Sichuan, China, specializing in Sichuan hotpot.

2. Brand B: Established in 1998, this company is a publicly listed company headquartered in Beijing, China, focusing on small hotpots for one person.

3. Brand C: Established in 2006, this company is a private company headquartered in Jiangyin, Jiangsu, China, focusing on seafood hotpot.

4. Brand D: Established in 1998, this company is a publicly listed company headquartered in Beijing, China, focusing on Taiwanese style hotpot.

China's premium hotpot market is relatively fragmented, with top 5 players accounted approximately around 9.1% of the market share in terms of revenue in 2024.

The Group was the largest brand in China's hotpot market in terms of revenue, occupying 3.1% market share in 2024.

Ranking and Market Share of Leading Players in China's Premium Hotpot Market, by Revenue, 2024

Ranking	Brand	Revenue, 2024 (RMB Billion)	Market Share 2024 (%)	22-24 CAGR
1	**The Company**	**2.3**	**3.1**	**26.9%**
2	Brand D	1.6	2.2	-10.0%
3	Brand E	1.5	2.0	~22%
4	Brand F	1.0	1.3	~3%
5	Brand G	0.4	0.5	~15%
	Top 5	**6.8**	**9.1**	
	Others	**67.3**	**90.9**	
	Total	**74.1**	**100.0**	

Source: Frost & Sullivan

Notes

1. Brand E: Established in 2015, this company is a private company headquartered in Shanghai, China, focusing on beef hotpot.

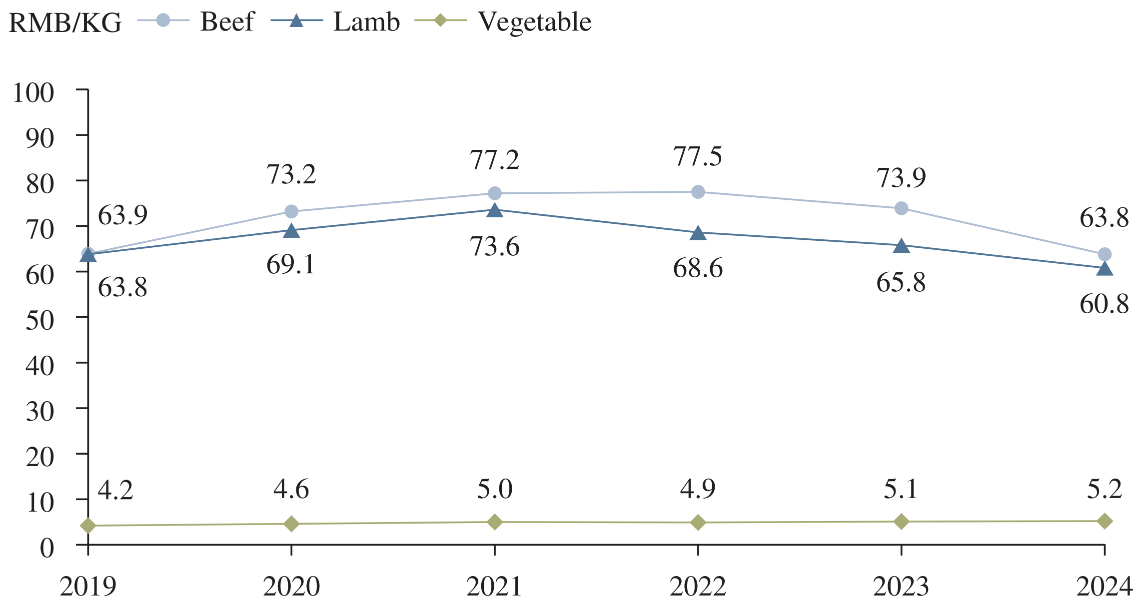
2. Brand F: Established in 2010, this company is a private company headquartered in Shanghai, China, focusing on Cantonese hotpot.

3. Brand G: Established in 2004, this company is a private company headquartered in Beijing, China, focusing on Beijing hotpot.

COST ANALYSIS OF CHINA'S CATERING INDUSTRY

The food ingredients purchased by catering companies generally include beef, lamb and vegetables. For example, the average price of beef steadily increased from RMB63.9 per kilogram in 2019 to a peak of RMB77.5 per kilogram in 2022. By late 2022, prices began declining due to oversupply. Prices decreased from RMB77.5 per kilogram in 2022 to RMB63.8 per kilogram in 2024. Key drivers of decline are domestic oversupply and import surge.

Average Price of Raw Food Material (China), 2019-2024



Note

(1) Price here refers to the wholesale price; (2) The average wholesale price of vegetables is the average wholesale price of 28 types of vegetables such as tomatoes, potatoes in China.

Source: Ministry of Agriculture and Rural Development (MARD); Frost & Sullivan

ENTRY BARRIERS ANALYSIS OF CHINA'S HOTPOT MARKET

Supply Chain Management: The supply chain serves as the linchpin for ensuring ingredient safety and quality, encompassing strategic sourcing of fresh, premium ingredients from verified suppliers at competitive pricing, coupled with robust inventory control and streamlined logistics. Self-built supply chain systems have become a critical moat, separating established players from new entrants. Leading brands invest heavily in vertically integrated networks — from proprietary farms and in-house processing hubs to dedicated cold chain fleets. This ensures ingredient traceability and quality consistency. New entrants with limited supply chain expertise may struggle to establish competitive differentiation.

Product Quality and R&D Ability: The quality and flavor of ingredients are the core of hotpot dining. In recent years, the hotpot industry has seen a continuous emergence of new tastes, ingredients, and dishes, while novel styles, business models, and innovative engagement methods have consistently delivered fresh experiences to consumers, injecting vitality into the sector. The freshness of the food in hotpot industry is also very important. However, product freshness and R&D barriers may pose an entry barrier for new entrants to the industry, as they may find it challenging to advance and optimize their technical capabilities in the short term.

Talent and Management Ability: The service quality of hotpot restaurants is a crucial factor in attracting customers and enhancing competitiveness. Excellent management not only builds a strong reputation, attracts more patrons, reduces rental costs, and boosts profitability, but also determines the standardization level and replication capability of the enterprise. Hotpot enterprises will retain restaurant general manager, regional manager and other core positions as "key talent", through internal training and external introduction of a combination of ways to accelerate the talent pool. Leading hotpot enterprises generally establish a standardized training process from theory to practice. For example, the training for waiters covers hotpot culture, service etiquette, emergency handling and other modules, and ensures the effect through scenario simulation and performance assessment. In addition, leading enterprises design clear career development channels for employees, such as from waiters to restaurant general managers, regional managers, and even partners. However, talent and management ability barriers may pose an entry barrier for new entrants to the industry, as they may find it challenging to establish a standardized training process from theory to practice in the short term.

Brand Awareness: The hotpot market exhibits significant brand barriers to entry, particularly with leading players commanding substantial market share. Core brand differentiators encompass innovative marketing strategies and personalized service offerings. Established brands demonstrate competitive advantages in critical operational aspects such as site selection optimization (particularly prime locations) and lease negotiation leverage, coupled with sophisticated customer retention systems including tiered membership programs, private membership ecosystems and constant Weixin reach out. New market entrants face formidable challenges in allocating extensive temporal and capital resources to cultivate and sustain distinctive brand equity.

Operational System Investment: The key to large-scale expansion lies in an efficient and stable operational system. The core barrier of hotpot restaurant operations centers on deep integration of process standardization and technological collaboration capabilities. Scaling requires maintaining service efficiency and consistent consumer experience during rapid replication, which relies on digitally-driven lean management and modular organizational architecture. Through digital upgrades and customized self-developed system upgrades, hotpot brands can create a more convenient and satisfying dining experience for consumers. Competition in the hotpot industry has evolved from single product categories to comprehensive experience ecosystems and user operation capabilities. Establishing deep trust relationships can be achieved through omnichannel strategies and sophisticated membership system development.

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Frost & Sullivan, an Independent Third Party, to conduct a study of China's catering industry. We agreed to pay Frost & Sullivan a fee of RMB400,000 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates and are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

During the preparation of the Frost & Sullivan Report, Frost & Sullivan conducted primary research that involved discussing the status of the industry with industry participants and industry experts, as well as secondary research that involved reviewing company reports, independent research reports and Frost & Sullivan's own database.

BASIS AND ASSUMPTION

The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's and the overseas economy is likely to maintain steady growth in the next decade; (ii) China's social, economic, and political environment is likely to remain stable in the forecast period; (iii) market drivers like flavor diversity and scenario adaptability, rising demand for quality and health-conscious ingredients, growing penetration of dining out, etc. are likely to drive the China's hotpot industry.

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

LAWS AND REGULATIONS IN RELATION TO FOREIGN INVESTMENT

Company Law

Companies established and businesses operating in the PRC are subject to the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC ("**SCNPC**") on 29 December 1993, was last amended on December 29, 2023 and which became effective on July 1, 2024. The PRC Company Law, regulated by SAMR, MOFCOM, and their local counterparts, provides general regulations for companies' set up and operation in the PRC including the Foreign Invested Enterprises ("**FIEs**"). Unless otherwise provided in the PRC Foreign Investment Law (《中華人民共和國外商投資法》), or the Foreign Investment Law, the provisions in the PRC Company Law shall prevail.

In accordance with the PRC Company Law, the company is required to make appropriation to the company's statutory reserve. At least 10% of the statutory after-tax profits must be allocated to the company's statutory reserve until the cumulative total of the company's statutory reserve reaches 50% of the company's registered capital. The company's statutory reserve may be used to offset any accumulated losses or increase the registered capital. The company's statutory reserve is not available for dividend distribution to shareholders.

Foreign Investment Law

The establishment procedures, examination and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation, and labor matters of a wholly foreign-owned enterprise are governed by the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), which was promulgated by the SCNPC on April 12, 1986, last amended on September 3, 2016, became effective on October 1, 2016 and expired along with the Foreign Investment Law came into force. Foreign Investment Law, which was promulgated by the National People's Congress of the PRC on March 15, 2019, and became effective on January 1, 2020, repealed simultaneously the Wholly Foreign-owned Enterprise Law, Sino-foreign Equity Joint Ventures Law of the PRC (《中華人民共和國中外合資經營企業法》), Sino-foreign Cooperative Joint Ventures Law of the PRC (《中華人民共和國中外合作經營企業法》), and their respective implementations. FIEs established prior to the Foreign Investment Law in accordance with the aforesaid laws may retain their original business forms for five (5) years after the Foreign Investment Law comes into force. The term "foreign investments", according to the Foreign Investment Law, refers to investment activities within the PRC directly or indirectly conducted by foreign natural persons, enterprises, or other organizations ("**Foreign Investor**"), including the following circumstances: (i) a Foreign Investor, alone or jointly with any other investors, forms a foreign-invested company within the PRC; (ii) a Foreign Investor acquires any shares, equities, portion of property, or other similar interests in a PRC domestic enterprise; (iii) a Foreign Investor, alone or jointly with any other investors, invests in any new PRC domestic project; and (iv) the investments in any other manner as specified by laws, administrative regulations or provisions regulated by the State Council. The Foreign Investment Law stipulates that the PRC implements system of pre-establishment national treatment and negative list foreign investment. The negative list, which would be issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in China. A Foreign Investor shall not invest in any field prohibited from foreign investment under the negative list. A Foreign Investor shall meet the investment conditions stipulated under the negative list for any restricted fields under the negative list. For fields not mentioned in such negative list, there shall be equal treatment of domestic and foreign investments. Foreign-invested enterprises can raise funds through public issuance of stocks, corporate bonds, and other securities in accordance with the law.

LAWS AND REGULATIONS IN RELATION TO BUSINESS OPERATION OF FOOD SERVICE INDUSTRY

Food Safety

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》), or the Food Safety Law, which came into effect on June 1, 2009 and was most recently amended on April 29, 2021, the State Council has implemented a licensing system for food production and trading activities. Any person or entity engaged in food production, food sales or catering services shall obtain a license in compliance with the Food Safety Law.

The Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》), which came into effect on July 20, 2009 and were last amended on October 11, 2019, further specify the detailed measures required of food producers and business operators, as well as the penalties to be imposed if these measures are not implemented.

According to the Food Safety Law, the State Council shall establish a food safety committee whose duties shall be determined by the State Council. The food safety administration under the State Council is responsible for supervising and administering food production and trading activities according to the duties defined by both the Food Safety Law and the State Council. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety according to the duties defined by the Food Safety Law and the State Council, and shall formulate and issue national food safety standards together with the food and drug administration under the State Council. Other relevant departments under the State Council shall carry out relevant food safety work according to the duties as defined by the Food Safety Law and the State Council.

As penalties for violations, the Food Safety Law establishes various legal liabilities including warnings, orders to rectify, confiscations of illegal gains, confiscation of utensils, equipment, raw materials and other items used for illegal production and operation, fines, recalls, destruction of non-compliant food, orders to suspend production and/or operation, revocation of production and/or operation license, and even criminal punishment.

Food Production and Operation Licensing

According to the Food Safety Law and the Implementing Rules of the Food Safety Law, the PRC implements a licensing system for the food production, food operation and food additives. Enterprises engaging in food production, sales and catering services shall obtain permits in accordance with law.

According to the Administrative Measures for Food Operation Licensing and Record Filing (《食品經營許可和備案管理辦法》) promulgated by the State Administration for Market Regulation ("**SAMR**") on June 15, 2023 and effective on December 1, 2023, entities involved in food sales and catering services within the PRC shall obtain a food operation license which is valid for 5 years, except for certain circumstances. Applications for food operation license shall be filed according to food operators' types of operation and classification of operation projects. Food operators shall display their paper original food operation licenses or their electronic certificates prominently at their operation sites. If the licensing items which are indicated on a food operation license change, the food operator shall, within 10 business days after the changes take place, apply with the market regulatory authority which originally issued the license for alteration of the operation license. Those who engage in food operation activities but fail to obtain the required food operation license shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

According to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》), which was promulgated by the State Food and Drug Administration on August 31, 2015, last amended on January 2, 2020 by the SAMR and came into effect on March 1, 2020, food production licensing is based on the principle of one license for one entity, which means the same food producer engaging in food production activities shall obtain one food production permit. The relevant authorities shall implement classified licensing for food production according to the risk level of the food. The food production permit is valid for five years. Where the production conditions of a food producer change and no longer satisfy the requirements for food production, the food producer shall immediately take corrective measures and shall re-apply for the license in accordance with the law if necessary. For packaging materials with direct contact with food and other food-related products with higher risks, the production licensing shall be implemented in accordance with the relevant administrative provisions of the State on production licenses for industrial products. Food producers engaging in food production activities without obtaining a food production permit or those engaging in the production activities of food additives without obtaining a food additive production license, may be subject to confiscation of illegal gains, illegally produced and operated food and food additive products and tools, facilities and raw materials used for illegal production and operation. In addition, they may be subject to fines, orders of suspension of production and/or operation, detention and even criminal penalties.

Online Catering Services

Pursuant to Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services (《網絡餐飲服務食品安全監督管理辦法》) effective on January 1, 2018, which was amended on October 23, 2020, online catering service providers must have their own physical stores and must have obtained food business licenses according to the law, and shall carry out business activities pursuant to the business forms and business items specified on their own food business licenses, and must not do business beyond their business scope. A catering service provider that runs its own website must file the record with the administration for market regulation at its locality at county level, within 30 working days of filing for record with the competent authority of communications. Online catering service providers which do not have any physical stores, or fail to obtain the food operation licenses in accordance with the law shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

Food Recall

The Administrative Measures for Food Recall (《食品召回管理辦法》) was promulgated by China Food and Drug Administration on March 11, 2015 and most recently amended on October 23, 2020. According to the Administrative Measures for Food Recall, food producers and business operators shall bear primary responsibility for food safety by establishing a sound management system, collecting and analyzing food safety information, and fulfilling their legal obligations to the cease of production and operation as well as recall and disposal of unsafe food. If a food producer finds that its food does not meet food safety standards, it shall cease the production, recall the food on the market for sale, notify the relevant producers and operators, as well as consumers, and record the recalling and notification at once. If a food operator finds that the food does not comply with the food safety standards, it shall immediately cease the trading, notify the relevant producers and operators as well as consumers, and record the cessation of operation and notification. If a food producer finds that the food being sold shall be recalled, the food shall be recalled immediately. The food producers are required to take such measures as remedy, destruction and harmless treatment for the recalled food, and report the recalling and treatment of the recalled food to the quality supervision department at or above the county level. Where the food producers or operators fail to recall or cease trading of the food and thus fail to comply with the food safety standards in accordance with the provisions of the laws, the quality supervision, administration for industry and commerce, food and drug supervision and administration departments at and above the county level shall order them to recall or cease the sale. Where any food operator violates the Administrative Measures for Food Recall by failing to suspend operations or proactively recall unsafe food in a timely manner, the competent authorities shall issue a warning and impose a fine ranging from RMB10,000 to RMB30,000. Where food operators that violate the Administrative Measures for Food Recall, or do not cooperate with food producers to recall unsafe food, the market regulatory authorities shall issue warnings to them and impose fines between RMB5,000 and RMB30,000.

Sanitation of the Public Assembly Venue

The Regulation on the Administration of Sanitation in Public Places (《公共場所衛生管理條例》), effective on April 1, 1987 and last amended on December 6, 2024, and the Implementation Rules of the Regulation on the Administration of Sanitation in Public Places (《公共場所衛生管理條例實施細則》), effective on May 1, 2011 and as last amended on December 26, 2017, were promulgated by the Ministry of Health (currently known as National Health Commission of the People's Republic of China), respectively. The regulations were adopted to create favorable and sanitary conditions for the public assembly venues, prevent disease transmission and safeguard people's health. Depending on the requirements of the local health and family planning administrations, a restaurant is required to obtain a public assembly venue hygiene license from the local health authority after it applies for a business license to operate its business. The Decision of the State Council on the Integration of Sanitary Permits and Food Business Licenses in Public Places for Restaurant Services (《國務院關於整合調整餐飲服務場所的公共場所衛生許可證和食品經營許可證的決定》), which was promulgated by the State Council on February 3, 2016, cancels the hygiene permits issued by the local health authorities for four kinds of public places, including restaurants, cafes, bars and tea houses, and integrates the contents of the food safety into the food operation licenses issued by the food and drug regulatory authorities.

LAWS AND REGULATIONS IN RELATION TO FOOD IMPORT AND EXPORT INSPECTION AND QUARANTINE

Food Import and Export

Under the Food Safety Law as well as the Implementing Rules on the Food Safety Law, the imported food, food additives and food-related products shall be consistent with the national food safety standards of China. A food importer shall apply for inspection with the import and export inspection and quarantine authority for the imported food and food additives, make truthful reports on the relevant information of products, and attach qualified documents as provided by the laws and administrative regulations. The imported food, after arrival at the port, shall be stored in the place designated or approved by the import and export inspection and quarantine authority; where relocation is required, necessary safety protection measures shall be taken in accordance with the requirements of the import and export inspection and quarantine authority. Bulk imported food shall be subject to inspection at the port of discharge. The Administrative Department of Health under the State Council shall, in compliance with the provisions of Article 93 of the Food Safety Law, review the relevant national (regional) standards or international standards submitted by overseas exporters, overseas production enterprises or their entrusted importers, and then decide to tentatively apply and publish such standards as found in line with food safety requirements. Before the publication of such tentative applicable standards, no import shall be conducted regarding food without national food safety standards yet.

Foreign Trade

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), or the Foreign Trade Law, promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Before December 30, 2022, pursuant to the pre-amendment Foreign Trade Law, a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, Customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

Customs Law

According to the Customs Law of the PRC (《中華人民共和國海關法》), adopted by the SCNPC on January 22, 1987, most recently amended on April 29, 2021 and effective on the same date, the Customs of the People's Republic of China is the entry and exit customs supervision and administration authority of PRC. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations.

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), adopted by the General Administration of Customs on November 19,2021 and effective on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. The recordation of the customs declaration entities is valid for a long period of time, while the temporary recordation is valid-for one year, after the expiry reapplication of recordation can be made.

LAWS AND REGULATIONS IN RELATION TO ADVERTISING

The Advertising Law of the PRC (《中華人民共和國廣告法》), or the Advertising Law, was promulgated by the SCNPC on October 27, 1994, and was most recently amended on April 29, 2021, which applies to the commercial advertising activities conducted by business operators or service providers within the territory of PRC to directly or indirectly introduce their commodities or services through a certain medium and form.

According to the Advertising Law, advertisements shall not contain any false or misleading information, and shall not deceive or mislead customers. Each advertiser, advertising agent or advertisement publisher shall comply with laws and regulations, act in good faith, and conduct the fair competition when engaging in advertising activities. In an advertisement, the statements regarding the performance, function, place of origin, use, quality, ingredients, price, producer, valid period and guarantees of the product, or the content, provider, form, quality, price and guarantees of the service, shall be accurate, clear and explicit. Failure to comply with the Advertising Law may subject the violators to punishment, including but not limited to fine, confiscating advertising fees, suspension of the advertisement publishing business, revocation of business license, or revocation of advertisement censorship.

LAWS AND REGULATIONS IN RELATION TO SINGLE-PURPOSE COMMERCIAL PREPAID CARDS

Pursuant to the Administrative Measures on Single-Purpose Commercial Prepaid Cards (Trial Implementation) (《單用途商業預付卡管理辦法(試行)》), or the Administrative Measures on Single purpose Prepaid Cards, which was promulgated by the Ministry of Commerce of the People's Republic of China ("**MOFCOM**") in 2012 and was amended in 2016, single-purpose commercial prepaid cards are prepaid certificates issued by an enterprise engaging in retail industry, accommodation and catering industry and residential services industry which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand, including physical cards in various forms such as magnetic stripe cards, chip cards, and paper coupons as well as virtual cards. Card-issuers shall complete filing formalities within 30 days from the date of carrying out single purpose card businesses. Violation of the aforementioned regulations may result in an order of rectification. Where the card issuer fails to rectify within a stipulated period, a fine ranging from RMB10,000 to RMB30,000 may be imposed.

LAWS AND REGULATIONS IN RELATION TO CONSUMER RIGHTS PROTECTION

The Consumer Rights and Interests Protection

The Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》), which was promulgated on October 31, 1993, and last amended on October 25, 2013 and became effective on March 15, 2014, imposes stringent obligations on business operators, including ensuring that the goods they sell meet personal and property safety standards, providing accurate information about products, and guaranteeing the quality, functionality and validity of the goods. Business operators are also required to safeguard customer privacy and maintain strict confidentiality of any consumer information obtained during business operations. Failure to comply with this law may result in civil liabilities, such as refunds, repairs or compensation, as well as administrative sanctions, including warnings, fines, confiscation of illegal income, suspension of business operations, or revocation of business licenses. In cases of serious violations, responsible individuals may also face criminal penalties.

Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and most recently amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product does not possess the functionality it should inherently possess, and no prior and clear indication is given of such a situation; (ii) the product does not conform to the applicable product standard stated on the product or its packaging; or (iii) the product does not conform to the quality specified through a product description or physical sample. If a consumer incurs losses due to the purchased product, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, was adopted by the SCNPC and came into force on January 1, 2021 Under the Civil Code, a manufacturer or a commercial seller is liable for harm caused to persons or property due to product defects. The aggrieved party may claim compensation from either the manufacturer or the seller. If compensation is sought from the seller, the seller is entitled to recover from the responsible manufacturer after fulfilling the compensation obligation.

LAWS AND REGULATIONS IN RELATION TO ANTI-UNFAIR COMPETITION

Anti-Unfair Competition Law

The principal legal provisions governing market competition are set out in the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was promulgated by the SCNPC on September 2, 1993, and amended on November 4, 2017, and April 23, 2019, respectively. In accordance with the Anti-Unfair Competition Law, operators should abide by the principles of voluntariness, equality, fairness, honesty, and integrity, and abide by laws and recognized business ethics when trading in the market. When an operator disrupts the competition order and infringes the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law, its behavior constitutes unfair competition. When the legitimate rights and interests of an operator are damaged by unfair competition, the operator may file a lawsuit with the people's court. If an operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition, and causes damage to another operator, it shall be liable for damages. If the damage suffered by the injured operator is difficult to ascertain, it shall be determined in accordance with the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed operator to cease the infringement.

Price Law

According to the Price Law of the PRC (《中華人民共和國價格法》), or the Price Law, which was promulgated by the SCNPC on December 29, 1997 and effective on May 1, 1998, business operators are prohibited from engaging in unfair pricing activities, including manipulating market prices, dumping commodities at a price lower than cost, manipulation of prices, deception of consumers or other business operators by using false or misleading prices, and price discrimination. If a business operator violates the Price Law, he/she shall be subject to administrative penalties, such as warning, cessation of illegal activities, confiscation of illegal gains, being fined not more than five times the illegal gains thereof, and the business operator may be ordered to suspend business for rectification or the business license may be revoked in severe circumstances.

Anti-Bribery

According to the Anti-Unfair Competition Law of the PRC promulgated by SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the State Administration for Industry and Commerce on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

LAWS AND REGULATIONS IN RELATION TO ENVIRONMENT PROTECTION AND WORK SAFETY

Environmental Protection Law

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), or the Environmental Protection Law, promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and became effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities.

The Ministry of Emergency Management ("**MOEE**") and its local counterparts, and the local people's governments impose various administrative penalties on individuals or entities in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within the prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any individual or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code. Environmental organisations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare. Where any violation of the provision of the Environmental Protection Law constitutes a crime, criminal liabilities shall be investigated in accordance with the PRC Criminal Law (《中華人民共和國刑法》).

Pollutant Discharge Permit

According to the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》) promulgated on May 11, 1984 and most recently amended on June 27, 2017, and the Environmental Protection Law, and the Administrative Measures for Pollutant Discharge Permit (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024, and became effective on July 1, 2024, the Ministry of Ecology, and Environment and its local counterparts at or above county level shall take charge of the administration and supervision on the matters of prevention and control of water pollution. The State implements a pollutant discharge permit management system and enterprises and other production operators that are included in the classification management catalog of pollutant discharge permits for stationary pollution sources shall apply for and obtain a pollutant discharge permit, and the pollutant discharge entities that are not included in the scope are not required to apply for a pollutant discharge permit for the time being.

Pursuant to the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC in 1995 and was latest amended on April 29, 2020, all enterprises and individuals generating or engaging in the collection, storage, transport, utilization or disposal of solid wastes shall adopt measures to prevent or reduce environmental pollution by solid wastes and shall bear liability for any resulting environmental pollution in accordance with the law. In accordance with the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019, the State implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated and discharged, the degree of impact on the environment. The pollutant discharge entity that generates or discharges very small amount of pollutants and has small impact on the environment shall be implemented registration management, and is not required to apply for a pollutant discharge license, but shall fill in the pollutant discharge registration form on the national pollutant discharge license management information platform.

Environment Impact Assessment Law

Pursuant to the Law of the People's Republic of China on Environment Impact Assessment (《中華人民共和國環境影響評價法》), which was issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environment impact assessment (the "EIA"), to classify projects according to the impact of the projects on the environment. Entities shall have to prepare an EIR or EIS, or fill out an EIR form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialised assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIA is not required but an EIR Form shall be completed.

Urban Drainage and Sewage Treatment

Pursuant to the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013 and came into effect on January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated on January 22, 2015 and last amended on December 1, 2022, drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage licence in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage licence shall not discharge sewage into urban drainage facilities.

Work Safety

Under relevant construction safety laws and regulations, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》) which was promulgated by the SCNPC on June 29, 2002 and last amended on June 10, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide the employees with protective equipment that meets the national standards or industrial standards. Furthermore, production and operating business entities shall report their major hazard sources and related safety and emergency measures to the emergency management department and other relevant departments for the record, and establish a safety risk grading control system and take corresponding control measures. Pharmaceutical product manufacturers are subject to the above-mentioned environment protection and work safety requirements regulated by the MOEE, the Ministry of Emergency Management of the PRC (中華人民共和國應急管理部), its local counterparts, and the local people's governments.

LAWS AND REGULATIONS IN RELATION TO FIRE PREVENTION

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and most recently amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and amended on August 21, 2023 and came into effect on October 30, 2023, the competent housing and urban-rural development authority replaced fire prevention and rescue departments to monitor and administer the fire protection as-built acceptance check and filing. Upon completion of construction of a development project which is required to apply for fire safety inspection and acceptance as stipulated by the housing and urban-rural development authority, the developer shall apply to the housing and urban-rural development authority for fire safety inspection and acceptance. For other development projects, the developer shall complete filing formalities with the housing and urban-rural development authority following the inspection and acceptance, the housing and urban-rural development department shall conduct spot check. Pursuant to the Fire Prevention Law, the construction project that fails to complete as-built acceptance check on fire prevention shall be ordered by the relevant government authorities to close and shall be fined not less than RMB30,000 but not more than RMB300,000. The construction project that fails to complete fire safety filing shall be ordered to rectify and be subject to a fine of up to RMB5,000.

Furthermore, pursuant to the Fire Prevention Law (revised in 2019 and 2021), before the use of or commencement of the business operations in public gathering places, any construction entities or entities using such places must apply for a fire safety inspection with the fire rescue agencies of the local people's governments of such places at or above the county level. Putting a public gathering place into use or into business operation without permission and when the place has not undergone fire safety and protection inspections or has failed to meet fire safety and protection requirements shall result in an order to suspend construction, use, production or business operations and a fine of not less than RMB30,000 and not more than RMB300,000 from the competent departments of housing and urban-rural development and the relevant fire rescue agencies (according to their respective duties).

LAWS AND REGULATIONS IN RELATION TO LEASING

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to rescind the contract if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on 1 February 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

LAWS AND REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and currently effective from June 1, 2021, the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous regions or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one (1) person files different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three (3) criteria: novelty, inventiveness, and practicability. The protection period is twenty years for an invention patent and ten years for a utility model patent and fifteen years for a design patent, commencing from their respective application dates.

Regulations on Copyright

The Copyright Law (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990, which was last amended on November 11, 2020 and became effective on June 1, 2021, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of the copyright owner. Infringers of a copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations (《電腦軟體保護條例》) promulgated by the State Council on December 20, 2001 and amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), or the Trademark Law, which was promulgated by the SCNPC on August 23, 1982 and last amended in 2019, as well as by the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council in 2002 which was last amended on April 29, 2014. The Trademark Office under the SAMR handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may licence its registered trademarks to another party by entering into trademark licence agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Names

The Ministry of Industry and Information Technology (the "MIIT") promulgated the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) (the "Domain Name Measures") on August 24, 2017, which took effect on November 1, 2017. Pursuant to the Domain Name Measures, the MIIT oversees the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names must provide the true, accurate, and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

LAWS AND REGULATIONS IN RELATION TO FOREIGN EXCHANGE

Under the Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Administrative Regulations") (promulgated by the State Council on January 29, 1996, newly amended on August 5, 2008), Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital account items, such as direct investment or engaging in the issuance or trading of negotiable securities or derivatives unless the prior approval by the competent authorities for the administration of foreign exchange is obtained. In accordance with the Foreign Exchange Administrative Regulations, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the State Administration of Foreign Exchange (the "SAFE") for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by the SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with the competent authorities for the administration of foreign exchange and approval or filings with the relevant government authorities (if necessary).

According to the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (Hui Fa [2015] No. 13) (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (匯發[2015]13號) (the "Circular 13"), which was promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, and was amended on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13. The SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. On April 3, 2024, the SAFE promulgated the Guidelines on Foreign Exchange Operations for Capital Accounts (2024 Edition) (《資本項目外匯業務指引(2024年版)》), which became effective on May 6, 2024, to provide guidelines on foreign exchange operations for capital accounts.

According to the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "Circular 19") (promulgated by SAFE on March 30, 2015, and became effective on June 1, 2015 and partially repealed on December 30, 2019, and amended on March 23, 2023), the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement (the "Discretional Foreign Exchange Settlement"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of

Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account. If a foreign-invested enterprise needs to make a further payment from such assigned accounts, it still needs to provide supporting documents and go through the banks' review process.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) (the "Circular 16") (promulgated by SAFE on June 9, 2016, which became effective simultaneously) and as amended on December 4, 2023, enterprises registered in the PRC (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The Circular 16 provides an integrated standard for converting foreign exchange under capital account items (including but not limited to foreign exchange capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. The Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, and such converted Renminbi shall not be provided as loans to its non-affiliated entities, except where it is expressly permitted in the business license.

In accordance with the Circular on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No. 28) (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (匯發[2019]28號), which was issued and came into effect on 23 October 2019 by the SAFE and was amended on December 4, 2023, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (Hui Fa [2023] No. 28) (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》)(匯發[2023]28號), which was issued and came into effect on December 4, 2023 by the SAFE, the equity transfer consideration paid in foreign currency by domestic entities owe to domestic equity transferors (including institutions and individuals), as well as the foreign exchange funds raised by domestic enterprises listed overseas, can be remitted to the capital project settlement account directly. The funds in the capital project settlement account can be independently settled and utilized.

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "SAFE Circular 37"), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

LAWS AND REGULATIONS IN RELATION TO CYBER SECURITY AND DATA PROTECTION

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective on September 1, 2021. The PRC Data Security Law establishes the regulatory framework and outlines the responsibilities of the relevant administrative authorities in regulating data security. It provides that the central government of the PRC shall establish a central data security work liaison system, which shall coordinate the relevant authorities across different industries to formulate catalogues of important data and implement special measures to protect the security of such important data.

On November 7, 2016, the SCNPC promulgated the PRC Cyber Security Law (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. According to the PRC Cyber Security Law, network operators are required to fulfill their obligations to safeguard network security when conducting business and providing services. Service providers operating through networks must implement technical and other necessary measures in accordance with laws, regulations, and compulsory national standards to ensure the safe and stable operation of networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators are prohibited from collecting personal information irrelevant to the services they provide, or from collecting or using personal information in violation of the provisions of laws or agreements with users. Additionally, network operators of critical information infrastructure shall store within the PRC all personal information and important data collected and produced within the PRC. The purchase of network products and services by the network operators of critical information infrastructure that may affect national security shall be subject to national cyber security review.

According to the PRC Civil Code, the personal information of natural persons is protected by law. Any organization or individual that needs to obtain personal information from others shall do so legally, ensure information security, and shall not illegally collect, use, process, transmit, trade, provide or disclose personal information. The PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which was promulgated by the SCNPC on August 20, 2021 and became effective from November 1, 2021, further emphasises the duties and responsibilities of the data processors in protecting personal information, and provides stricter protection measures for processing sensitive personal information.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. According to the Regulations on the Protection of the Security of Critical Information Infrastructure, "critical information infrastructure" refers to important network facilities and information systems in important industries, such as, among others, public communications and information services, as well as other important network facilities and information systems that, if damaged, disabled, or subject to data leakage, could seriously endanger national security, the national economy, public welfare, or the public interest. These regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the PRC Cyber Security Law, and provide that the competent administrative authorities and supervision and management authorities of the aforementioned important industries are responsible for (1) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (2) promptly notifying the identified operators and the Ministry of Public Security of the PRC of the identification results. These regulations require that the relevant operators shall submit a report to the competent PRC administrative authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or the discovery of any major cybersecurity threat to the critical information infrastructure. Additionally, operators of critical information infrastructure are required to prioritize the purchase of safe and trusted network products and services. If the purchase of such network products and services may affect national security, such operators shall undergo and pass the cybersecurity review accordingly.

On December 28, 2021, the CAC, jointly with 12 other administrative authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on February 15, 2022. According to the Measures for Cybersecurity Review, the purchase of network products and services by critical information infrastructure operators and the data processing activities carried out by network platform operators, which affect or may affect national security are subject to cybersecurity review. In addition, network platform operators possessing personal information of over one (1) million users shall be subject to cybersecurity review before listing abroad. The competent administrative authorities may also initiate a cybersecurity review against the operators if they believe that the purchase of network products or services, or the data processing activities of such operators affect or may affect national security.

On July 7, 2022, the CAC promulgated the Security Assessment Measures of Cross-border Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. The Security Assessment Measures provide that, among others, data processors shall apply to CAC for a security assessment if certain thresholds are met. In addition, on February 22, 2023, the Measures on Standard Contract (《個人信息出境標準合同辦法》) were promulgated by the CAC, which became effective on June 1, 2023. The Measures on Standard Contract include a standard contract template for the outbound transfer of personal information, which can be used to meet the requirements of Article 38 of the Personal Information Protection Law. On March 22, 2024, the CAC promulgated Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which became effective on March 22, 2024. The Provisions on Promoting and Regulating Cross-border Data Flows updated the regulatory mechanisms for outbound data transfers. According to the Provisions on Promoting and Regulating Cross-border Data Flows, data processors shall apply for an outbound data transfer security assessment with the CAC in any of the following circumstances: (i) where a critical information infrastructure operator provides personal information or important data abroad; (ii) where a data processor, other than a critical information infrastructure operator, provides important data abroad or, cumulatively as of January 1 of the current year, provides personal information (excluding sensitive personal information) of not less than 1 million people or sensitive personal information of not less than 10,000 people to overseas parties, unless the exemptions specified in Articles 3, 4, 5 and 6 of the Provisions apply. If the data have not been identified or publicly announced as important data by relevant departments or regions, data processors are not required to declare a security assessment for cross-border provision of the data as important data. A data processor, other than a critical information infrastructure operator, shall conclude a standard contract with overseas recipients for provision of personal information abroad or undergo certification for the protection of personal information if it is provided abroad, cumulatively as of January 1 of the current year, personal information (excluding sensitive personal information) of not less than 100,000 but not more than 1 million persons, or sensitive personal information of not more than 10,000 persons, unless the exemptions specified in Articles 3, 4, 5 and 6 of the Provisions apply.

On September 24, 2024, the Regulation on Network Data Security Management (《網絡數據安全管理條例》) was promulgated by the State Council and will come into effect on January 1, 2025. The Regulation on Network Data Security Management reiterates the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and online platform service providers' obligations.

LAWS AND REGULATIONS IN RELATION TO LABOR PROTECTION

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) or the Labor Law, which was promulgated on July 5, 1994 and last amended on December 29, 2018, employer shall establish and improve its system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employee training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Employer shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and amended on December 28, 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the PRC Labor Contract Law, regulated by the Ministry of Human Resources and Social Security of the PRC (the "MOHRSS") and its local counterparts, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and employees. If an employee is a part-time labor, which is a form of labor for which the remuneration is mainly calculated on an hourly basis, and the employee's average daily working hours shall not exceed four (4) hours and the aggregate working hours per week shall not exceed twenty-four hours for the same employer. Both parties to part-time labor may conclude an oral agreement. Either party to part-time labor may notify the other party at any time to terminate employment. Upon termination of employment, the employer will not have to pay severance pay to the employee.

Employers are prohibited from forcing employees to work above certain time limits and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and must be paid to employees in a timely manner.

Interim Provisions on Labor Dispatch

Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated and regulated by the MOHRSS on January 24, 2014 and became effective on March 1, 2014, dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are allowed to use dispatched workers for temporary, auxiliary, or substitutive positions, and the number of dispatched workers may not exceed 10% of the total number of employees. Pursuant to the PRC Labor Contract Law, if the employer violates the relevant labor dispatch regulations, the labor administrative department shall order it to make corrections within a prescribed time limit; if it fails to make corrections within the time limit, penalty will be imposed on the basis of more than RMB5,000 and less than RMB10,000 per person.

Social Insurance and Housing Fund

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 2018, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 and the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance. These payments are made to local human resources and social security departments. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

In accordance with the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) which were promulgated by the State Council in 1999 and last amended in March 2019, employers must register at the designated administrative centres and open bank accounts for depositing employees' housing funds. Regulated by the Ministry of Housing and Urban-Rural Development and its local housing fund administration centres, employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of each employee in the preceding year in full and on time. For enterprises which violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises' historical social insurance arrears. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展的若干措施的通知》), promulgated by the State Administration of Taxation on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

LAWS AND REGULATIONS ON EMPLOYEE STOCK INCENTIVE PLAN

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly-listed overseas company and who are PRC individuals or non-PRC individuals residing in China for a continuous period of no less than one (1) year, subject to a few exceptions, are required to register with the SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

In addition, the State Taxation Administration ("**STA**"), has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

LAWS AND REGULATIONS IN RELATION TO TAX

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, which was promulgated on March 16, 2007 and last amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the EIT Implementation Regulations, which was promulgated on December 6, 2007 and further amended on April 23, 2019, both resident enterprises and non-resident enterprises are subject to tax in the PRC, regulated by the State Taxation Administration ("**STA**") and its local counterparts. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and the EIT Implementation Regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from the PRC.

Value-added Tax

Pursuant to the Value-added Tax of the PRC (《中華人民共和國增值稅法》) promulgated by SCNPC on December 25, 2024 and will become effective from January 1, 2026 and the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》), promulgated on December 13, 1993 and last amended on November 19, 2017, and the Decision of State Council on Abolition of the Provisional Regulations of the People's Republic of China on Business Tax and Revision of the Provisional Regulations of the People's Republic of China on Value-added Tax (《國務院關於廢止<中華人民共和國營業稅暫行條例>同修改<中華人民共和國增值稅暫行條例>的決定》), promulgated on November 19, 2017, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC shall be liable for Value-added Tax ("**VAT**"). According to Announcement 39, regulated by the STA and its local counterparts, the VAT rates generally applicable are simplified as 13%, 9%, 6% and 0%, which become effective on April 1, 2019, and the VAT rate applicable to the small-scale taxpayers is 3%.

Dividend Withholding Tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally apply to dividends declared to non-PRC resident investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Double Taxation Avoidance Arrangement (《避免雙重徵稅協定》), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Taxation Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties (《關於稅收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the STA and became effective on 1 April 2018, when determining the applicant's status as the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including, without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant any tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases.

This circular further provides that an applicant who intends to prove his or her status as the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under the Double Taxation Avoidance Arrangement.

REGULATIONS IN RELATION TO IMPORT AND EXPORT OF GOODS

Under the Foreign Trade Law, which was promulgated by the SCNPC on May 12, 1994, came into effect on July 1, 1994 and last amended with effect from December 30, 2022, foreign trade operators engaged in the import and export of goods or technologies are no longer required to make a record-filing with the administrative authority of the foreign trade of the State Council or its authorized agency from December 30, 2022.

Pursuant to the Administrative Provisions of the Customs of the PRC on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs on November 19, 2021 and became effective on January 1, 2022, unless otherwise required by laws, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filings, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for filings, it shall be filed as a foreign trade business. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise has completed relevant filings for customs declaration entities, the branches that meet the requirements of the preceding paragraph may also apply for filings for customs declaration entities.

REGULATIONS IN RELATION TO DIVIDEND DISTRIBUTION

The principal regulations governing the distribution of dividends of foreign-invested enterprises include the Foreign Investment Law and the PRC Company Law, as regulated by SAMR, MOFCOM, and their local counterparts. Under these laws, wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may only pay dividends out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprise's registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

LAWS AND REGULATIONS RELATING TO M&A RULES AND OVERSEAS LISTING

On August 8, 2006, six (6) PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the M&A Rules (《關於外國投資者併購境內企業的規定》), which govern the mergers and acquisitions of domestic enterprises by foreign investors. These rules became effective on September 8, 2006, and were revised on June 22, 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also require that a special purpose vehicle (SPV), established for overseas listing purposes and controlled directly or indirectly by PRC citizens, shall obtain the approval of the CSRC prior to overseas listing and trading of its securities on an overseas stock exchange.

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China (中共中央辦公廳) issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by PRC-based overseas-listed companies.

On February 17, 2023, the CSRC issued the PRC Overseas Listing Regulations (《境內企業境外發行證券和上市管理試行辦法》), which became effective on March 31, 2023, and five (5) supporting guidelines. Pursuant to the PRC Overseas Listing Regulations, companies in the PRC that directly or indirectly offer or list their securities in an overseas market, including a company in the PRC limited by shares and an offshore company whose main business operations are in the PRC and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in the PRC are required to file with the CSRC within three (3) business days after submitting their [**REDACTED**] application documents to the regulator in the place of intended listing. Failure to complete the filing under the PRC Overseas Listing Regulations or conceals any material fact or falsifies any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines.

In addition, pursuant to the PRC Overseas Listing Regulations, enterprises in the PRC are prohibited from overseas offering and listing under any of the following circumstances, if (i) the overseas offering and listing is explicitly prohibited by PRC laws; (ii) the overseas offering and listing may constitute a threat to or endanger national security as determined by relevant PRC authorities; (iii) the domestic enterprises and their controlling shareholders and actual controllers have committed certain criminal offenses (such as corruption, bribery, embezzlement, misappropriation of property or other criminal offenses undermining the order of the socialist market economy) in the past three (3) years; (iv) the domestic enterprises are currently under investigations in connection with suspicion of having committed criminal offences or material violations of applicable laws and regulations and there is still no explicit conclusion; or (v) there are material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, issued the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which took effect on March 31, 2023. Pursuant to these provisions companies based in the PRC that offer and list securities in overseas markets shall establish confidentiality and archives system.

The phrase "companies based in the PRC" refers to companies in the PRC limited by shares which are directly listed in the overseas capital market and the domestic operating entities of an offshore company being indirectly listed on a foreign stock exchange.

Companies based in the PRC shall obtain approval from the relevant authorities and file with the confidential administration department at the same level when providing or publicly disclosing documents and materials related to state secrets or secrets of the government authorities to the relevant securities companies, securities service agencies or the offshore regulatory authorities, or providing or publicly disclosing such documents and materials through its offshore listing entity.

In addition, companies based in the PRC shall complete corresponding procedures when (i) providing or publicly disclosing documents and materials which may adversely affect national security and public interest to the relevant securities companies, securities service agencies or the offshore regulatory authorities, (ii) providing or publicly disclosing such documents and materials through its offshore listing entity; or (iii) providing accounting files or copies to relevant securities companies, security service institutions, overseas regulators and individuals. Companies based in the PRC are also required to provide written statements on the implementation of the aforementioned rules to the relevant securities companies and securities service agencies. If a company based in the PRC finds that the documents and materials related to state secrets or secrets of the government authorities or other materials which may adversely affect national security and public interest have been leaked or are going to be leaked, it should take remedial measures immediately and report to the relevant authorities.

OVERVIEW

Our Group was founded by Mr. Du, our Chairman of the Board and an executive Director, in 2001. Under the leadership of Mr. Du, we have become the largest premium hotpot brand in China. Anchored in a product-centric philosophy ("產品主義") and supported by a differentiated market positioning, we have established ourselves as the leading player in China's premium hotpot market, offering signature items such as beef tripe (毛肚) and wild mushroom broth (菌湯). According to Frost & Sullivan, we ranked first in China's premium hotpot market by revenue with a 3.1% market share in 2024. For the biography and industry experience of Mr. Du, see "Directors and Senior Management — Board of Directors — Executive Directors".

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
2001	We opened our first hotpot restaurant in Anyang, Henan, marking the inception of our "Exceptional Hotpot (一個好火鍋)" vision.
2006	We established an ingredient processing facility in Chongqing, to standardize our hotpot base preparation process.
2009	We opened our first Banu restaurant in Zhengzhou, which became our first restaurant in a provincial capital city.
2012	We opened our first Banu restaurant in Wuxi, marking our official entry into the Eastern China market.
	We strategically refocused our brand around our signature beef tripe offering and officially rebranded as "Banu Tripe Hotpot (巴奴毛肚火鍋)".
2014	We purchased over 20 mu of land for the first time, on which we rebuilt and upgraded our ingredient processing facility that integrated R&D and production.
2015	We established Banu Hotpot, as our principal operating entity, with a view to professionalizing our corporate structure to support a more scalable growth.
	Our founder, Mr. Du, hosted his first "product-centric philosophy (產品主義)" seminar, one that emphasizes a return to the essence of dining, which reflects our unwavering commitment to quality and our goal of delivering experiences and value that exceed customer expectations.

Time	Milestone
2018	We opened our first Banu restaurant in Beijing at U-Town Shopping Center, marking our official entry into the Beijing market.
2019	We further opened our first Banu restaurant in Shanghai at Global Harbor, marking our official entry into the Shanghai market.
2020	We comprehensively upgraded our Central China central kitchen integrating warehousing, logistics and production, and redefined the industry's third-generation supply chain with the philosophy of "chilled not frozen, natural not artificial, and same-day not overnight (能冷鮮不冷凍，能天然不添加，能當天不隔夜)".
2021	We opened our first Banu restaurant in Southern China at Shenzhen One Avenue.
2023	We established our Southwest China central kitchen in Kunming, Yunnan, and began to possess the ability to distribute fresh local vegetables and fruits from Yunnan to restaurants across the country.
2024	We introduced New Zealand fresh-chilled beef tripes into our menu, upgrading our signature products.

OUR MAJOR SUBSIDIARIES

The following table sets forth certain information of each of our major subsidiaries as of the Latest Practicable Date.

Name of subsidiary[Note]	Date of incorporation and commencement of business	Registered share capital	Place of establishment	Shareholding controlled by the Company	Principal businesses
Banu Hotpot. . . .	November 25, 2015	RMB620,330,000	PRC	100%	Management of catering service
Xinxiang JM . . .	September 16, 2021	RMB116,000,000	PRC	100%	Supply chain management
Zhengzhou Banu .	April 2, 2019	RMB2,000,000	PRC	100%	Management of catering service
Delicious Forest Catering	March 15, 2023	RMB600,000,000	PRC	100%	Investment holding

Note: Each of the major subsidiaries contribute to 10% or more of our Group's total revenue and/or assets during the year ended December 31, 2024.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers that we consider to be material to us.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES OF OUR GROUP

A. Early Development of Our Business and Establishment of Banu Hotpot

In 2001, Mr. Du opened our first hotpot restaurant in Anyang, Henan. On November 25, 2015, Banu Hotpot was established for operation of our Group's business, as a limited liability company under the laws of the PRC with an initial registered capital of RMB50 million, and became our principal operating entity.

At the time of establishment, Banu Hotpot was owned by (a) Beijing Heshenghe Investment Management Co., Ltd.* (北京和勝和投資管理有限公司) ("**Beijing HSH**"), which was wholly-owned by Mr. Du and Ms. Han collectively, as to 80%, and (b) two shareholding platforms, namely Henan Bashi Tongxin and Henan Bashi Future as to 3.73% and 16.27%, respectively. Each of Henan Bashi Tongxin and Henan Bashi Future was controlled by its general partner, Zhengzhou Xingshenghe, which was wholly owned by Mr. Du and Ms. Han collectively.

B. Onshore Financing

In March 2016, Beijing Sanshengwan Enterprise Investment Co., Ltd.* (北京三生萬創業投資有限公司) ("**Beijing Sanshengwan**") subscribed for additional registered capital in the amount of RMB330,000 at a total consideration of RMB5 million, which was determined on an arms' length basis with reference to the timing of investment and our business development at the relevant time. Such capital increase represented approximately 0.65% of Banu Hotpot's registered capital upon completion of the capital increase. Beijing Sanshengwan is an affiliate of our current existing Shareholder, Water Way Brand Ltd.

In March 2020, Banu Hotpot entered into a capital increase agreement with Ningbo Tomato No. 2 Equity Investment Partnership Enterprise (Limited Partnership)* (寧波番茄貳號股權投資合夥企業(有限合夥)) ("**Tomato No. 2 Partnership**"). Pursuant to the agreement, Tomato No. 2 Partnership subscribed for an additional registered capital in the amount of RMB1,825,440 for a total consideration of RMB63 million. Such capital increase represented approximately 3.5% of Banu Hotpot's registered share capital upon completion of the capital increase. In August 2020, Banu Hotpot entered into a capital increase agreement with Nanjing Tomato No. 5 Equity Investment Partnership Enterprise (Limited Partnership)* (南京番茄伍號股權投資合夥企業(有限合夥)) ("**Tomato No. 5 Partnership**"). Pursuant to the agreement, Tomato No. 5 Partnership subscribed for additional registered capital in the amount of RMB1,613,054 for a total consideration of RMB60 million. Such capital increase represented approximately 3% of Banu Hotpot's registered share capital upon completion of the capital increase. The above considerations were determined on an arms' length basis, with reference to the timing of the investment, the then status of the businesses and financial performance of our Group and the prospect of our business.

In December 2021, Henan Bashi Future transferred equity interests of Banu Hotpot, representing registered capital in the amount of RMB2,688,424 in the Company to GYH L Limited at a consideration of RMB100 million, which was determined on an arms' length basis, with reference to market conditions and our business prospects. Such capital transfer represented approximately 5.0% of Banu Hotpot's registered share capital upon completion of such transfer.

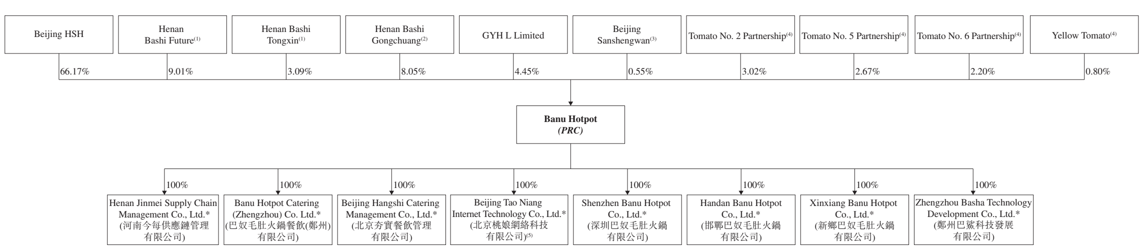
In August 2022, Banu Hotpot entered into a capital increase agreement with Nanjing Tomato No. 6 Equity Investment Partnership Enterprise (Limited Partnership)* (南京番茄陸號股權投資合夥企業(有限合夥)) ("**Tomato No. 6 Partnership**", together with Tomato No. 2 Partnership, Tomato No. 5 Partnership, "**Tomato PRC Entities**") and Nanjing Yellow Tomato Equity Investment Partnership Enterprise (Limited Partnership)* (南京黃番茄股權投資合夥企業(有限合夥)) ("**Yellow Tomato**"). Pursuant to the agreement, Tomato No. 6 Partnership and Yellow Tomato subscribed for an additional registered capital in the amount of RMB1,329,840 and RMB483,578 for a consideration of RMB110 million and RMB40 million, which was determined on an arms' length basis, with reference to the then status of the businesses and financial performance of our Group. Such capital increase represented approximately 2.20% and 0.80% of Banu Hotpot's registered share capital upon completion of the capital increase, respectively.

See "— [**REDACTED**] Investments" below for more details.

C. Reorganization and Establishment of Our Company

1. Structure before the Reorganization

In preparation for the [**REDACTED**], we underwent a reorganization of our corporate structure ("**Reorganization**"). The following chart sets forth the simplified corporate structure of our Group immediately prior to the Reorganization:



Notes:

(1) Prior to the Reorganization, Henan Bashi Tongxin had 31 partners, including (a) the general partner, Zhengzhou Xingshenghe, holding 25.34% partnership interest therein; (b) Mr. Liu Changqing, our executive Director, holding 28.37% partnership interest therein; and (c) other 29 limited partners, each holding less than 10% partnership interests therein. Henan Bashi Future had nine partners, including (a) the general partner, Zhengzhou Xingshenghe, holding 2.74% partnership interest therein; (b) Mr. Du, as a limited partner, holding 80.18% partnership interest therein; and (c) other seven limited partners, each holding less than 10% partnership interests therein.

(2) Henan Bashi Gongchuang is a limited partnership established in the PRC in December 2021. In December 2021, Banu Hotpot entered into a capital increase agreement with Henan Bashi Gongchuang. Pursuant to the agreement, Henan Bashi Gongchuang subscribed for an additional registered capital in the amount of RMB4,865,363 for a total consideration of RMB468,000,000, which was determined on an arms' length basis. Such capital increase represented approximately 8.30% of Banu Hotpot's registered share capital upon completion of the capital increase. Henan Bashi Gongchuang is our employee incentive platform. For more details of Henan Bashi Gongchuang, please refer to "— Corporate Structure Before the [**REDACTED**]" in this section.

(3) Prior to the Reorganization, Beijing Sanshengwan held 0.55% of the total issued share capital of the Company, amounting to registered capital of RMB330,000, and was owned by Wei Jianfeng and Ms. Han as to 57.142% and 42.858%, respectively. Beijing Sanshengwan is an affiliate of our current existing Shareholder, Water Way Brand Ltd.

(4) Each of Tomato No. 2 Partnership, Tomato No. 5 Partnership and Tomato No. 6 Partnership is the sole shareholder of Tomato Second Ltd, Tomato Fifth Ltd and Tomato Sixth Ltd, respectively, Yellow Tomato is a limited partnership established in the PRC, focusing on investments in catering industry and is owned as to (i) approximately 0.03% by Tomato Capital as the general partner; and (ii) approximately 99.97% by Xiamen Welight Qichuang Equity Investment Partnership Enterprise (Limited Partnership)* (廈門微光啟創股權投資合夥企業(有限合夥)) as the limited partner, which is ultimately wholly owned by Mr. Wu Xiaoguang (吳宵光), an Independent Third Party. For more details, please refer to "— [**REDACTED**] Investments" in this section.

(5) Beijing Tao Niang Internet Technology Co., Ltd.* (北京桃娘網絡科技有限公司) ("**Beijing Tao Niang**") was established in the PRC in March 2022, and focusing on integration of hotpot and fast food, to deliver quick and affordable single-serving hotpot meals. In December 2022, with a view to focusing on the Group's business of premium hotpot, the entire equity interests of Beijing Tao Niang were disposed by the Company to the affiliates of certain of the then shareholders of Banu Hotpot, including Mr. Du's associate, at a respective consideration of RMB1. The aforementioned consideration was determined based on arm's length negotiation amongst parties with reference to amongst parties considering the fact that Beijing Tao Niang had net liabilities and was loss making at the time of the relevant transfer. Beijing Tao Niang was not subject to any material administrative penalties prior to the disposal.

2. *Establishment of offshore corporate structure*

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 23, 2022 with an authorized share capital of US$50,000 divided into 500,000,000 Ordinary Shares of a par value of US$0.0001 each. Upon incorporation, one Ordinary Share of US$0.0001 was allotted and issued to the initial subscriber at par value, and was subsequently transferred at par value, on the same date, to D&H (BVI) LTD. Subsequently, the Company issued and allotted 45,130,746, 2,322,260 and 188,569 Ordinary Shares at par value to D&H (BVI) LTD, BANU FUTURE LTD, and Water Way Brand Ltd, respectively, representing 94.73%, 4.87% and 0.4% of the then total issued Shares of our Company, respectively.

On December 15, 2022, BANU TRIPE HOT POT LTD was incorporated in BVI as a limited liability company and a direct wholly-owned subsidiary of our Company. On December 19, 2022, BANU TRIPE HOT POT (HK) LIMITED ("**Banu HK**") was incorporated in Hong Kong as a limited liability company and a direct wholly-owned subsidiary of BANU TRIPE HOT POT LTD. On March 15, 2023, Delicious Forest Catering was established in the PRC as a limited liability company and a direct wholly-owned subsidiary of Banu HK.

On January 4, 2023, JM SUPPLY LTD. was incorporated in Cayman Islands as a limited liability company and a direct wholly-owned subsidiary of our Company. On January 30, 2023, JM SUPPLY (HK) LIMITED ("**JM HK**") was incorporated in Hong Kong as a limited liability company and a direct wholly-owned subsidiary of JM SUPPLY LTD.

On February 20, 2023, JM Supply Chain was established in the PRC as a limited liability company and a direct wholly-owned subsidiary of JM HK. On September 1, 2021, Henan JM was established as a limited liability company in the PRC wholly owned by Banu Hotpot. After a few reorganization steps, Henan JM became an indirectly wholly-owned subsidiary of our Company on February 22, 2023.

3. Offshore shareholding restructuring

In December 2022, pursuant to the warrant subscription agreements entered into among our Company and certain of the then shareholders of Banu Hotpot or their affiliates, our Company issued warrants for subscription of Preferred Shares to Tomato Second Ltd, Tomato Fifth Ltd, Tomato Sixth Ltd and Welight Capital L.P. Pursuant to the terms of the respective warrants agreements, the total exercise prices of the warrants were equal to the total amount received by the respective shareholders of Banu Hotpot pursuant to the capital reduction as described below. In March 2023, pursuant to the share subscription agreement entered into among our Company and the then shareholders of Banu Hotpot or their affiliates, the Company issued a total of 4,865,363 Ordinary Shares to BANU UNITED LTD and 2,688,424 Ordinary Shares to GYH L Limited. In December 2023, Tomato Second Ltd, Tomato Fifth Ltd, Tomato Sixth Ltd and Welight Capital L.P. exercised their warrants in full and were issued an aggregate of 1,825,440 Series Angel-1 Preferred Shares, 1,613,054 Series Angel-2 Preferred Shares, 1,329,840 Series A Preferred Shares and 483,578 Series A Preferred Shares, respectively.

Upon completion of the above share subscriptions and the full exercise of warrants, the shareholding structure of our Company as of December 2023 was as follows:

Before the Reorganization		**After the Reorganization**			
Shareholder of Banu Hotpot	**Percentage of shareholding in Banu Hotpot**	**Shareholder of the Company**	**Number of Shares of the Company**	**Class of Shares**	**Approximate percentage of shareholding in the Company**
Beijing HSH	66.17%[1]	D&H (BVI) LTD	45,130,747	Ordinary Shares	74.66%[1]
Henan Bashi Gongchuang	8.05%	BANU UNITED LTD	4,865,363	Ordinary Shares	8.05%
Henan Bashi Future and Henan Bashi Tongxin	12.10%[1]	BANU FUTURE LTD	2,322,260	Ordinary Shares	3.84%[1]
Beijing Sanshengwan	0.55%[1][2]	Water Way Brand Ltd	188,569	Ordinary Shares	0.31%[1][2]
GYH L Limited	4.45%	GYH L Limited	2,688,424	Ordinary Shares	4.45%
Tomato No. 2 Partnership	3.02%	Tomato Second Ltd	1,825,440	Series Angel-1 Preferred Shares	3.02%
Tomato No. 5 Partnership	2.67%	Tomato Fifth Ltd	1,613,054	Series Angel-2 Preferred Shares	2.67%
Tomato No. 6 Partnership	2.20%	Tomato Sixth Ltd	1,329,840	Series A Preferred Shares	2.20%
Yellow Tomato	0.80%	Welight Capital L.P.	483,578	Series A Preferred Shares	0.80%
Total	**100.00%**		**60,447,275**	–	**100.00%**

Notes:

(1) Prior to the Reorganization, Mr. Du and Ms. Han held approximately 74.66% equity interests in Banu Hotpot in aggregate, directly through Beijing HSH, and indirectly through Henan Bashi Future, Henan Bashi Tongxin, and Beijing Sanshengwan in which Ms. Han owned 42.858% equity interests therein. Beijing HSH was deregistered voluntarily in August 2024.

(2) As part of the Reorganization, Wei Jianfeng established his wholly-owned company, Water Way Brand Ltd, which subscribed for 188,569 Shares representing the same percentage of interests ultimately held by Wei Jianfeng in the Company through Beijing Sanshengwan prior to the Reorganization. In September 2023, Beijing Sanshengwan was deregistered.

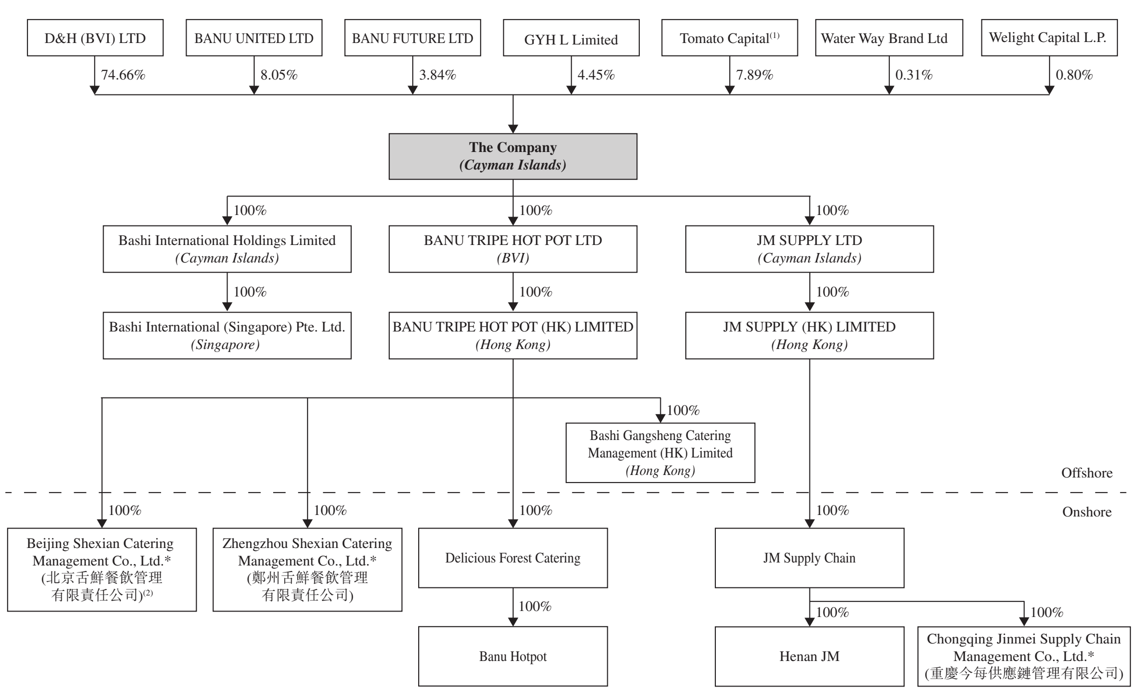
4. Capital reduction and equity transfers of Banu Hotpot

In November 2022, as part of the Reorganization, the registered capital subscribed by Henan Bashi Gongchuang, Tomato PRC Entities and Yellow Tomato in Banu Hotpot were repurchased by Banu Hotpot. The consideration for such capital reduction was the respective investment amount made by such shareholders of Banu Hotpot. On January 20, 2023, Banu Hotpot reduced its registered capital from RMB60,447,275 to RMB50,330,000. Following the completion of the capital reduction, Delicious Forest Catering subscribed for the additional registered capital of RMB570 million at a consideration of RMB570 million on March 17, 2023. On March 27, 2023, each of Beijing HSH, Henan Bashi Future, Henan Bashi Tongxin, Beijing Sanshengwan and GYH L Limited transferred their respective equity interests in Banu Hotpot to Delicious Forest Catering.

Following the completion of the above-mentioned capital reduction, capital increase and equity transfers on March 30, 2023, Banu Hotpot became an indirectly wholly-owned subsidiary of Banu HK.

5. Group structure after the Reorganization

After the Reorganization, our business became operated by Banu Hotpot and Henan JM. Set out below is the corporate structure of our Group immediately after completion of the Reorganization.



Notes:

(1) Tomato Capital here represents Tomato No. 2, Tomato No. 5 and Tomato No. 6.

(2) As Beijing Shexian Catering Management Co., Ltd.* (北京舌鮮餐飲管理有限責任公司) had no business operation, it was voluntarily deregistered in May 2025.

6. Compliance with PRC laws

Our PRC Legal Adviser confirmed that (i) Banu Hotpot has obtained or made all necessary regulatory approvals, permits, licenses or filings required under PRC Laws in relation to the Reorganization; and (ii) all changes in registered capital of Banu Hotpot as part of the Reorganization has complied with all applicable PRC Laws.

D. [REDACTED] Investments

See "— [**REDACTED**] Investments" below for further information of shareholding changes in connection with the [**REDACTED**] Investments.

E. [REDACTED] Share Incentive Schemes

In December 2022, we adopted the Restricted Share Award Scheme and Share Option Scheme, under which no award or option will be granted after the [**REDACTED**]. Therefore, their terms are not subject to the provisions of Chapter 17 of the Listing Rules. For further details, please see "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes" in Appendix IV to this Document.

F. [REDACTED]

Pursuant to the resolutions of the Shareholders dated June 5, 2025, conditional upon the Listing Committee of the Stock Exchange granting the [**REDACTED**] of, and permission to [**REDACTED**] in the Shares, the Shares will be [**REDACTED**] on a [**REDACTED**] basis immediately prior to the [**REDACTED**], and the nominal value of the Shares will be changed from US$0.0001 each to US$[**REDACTED**] each (the "[**REDACTED**]"). Immediately after the [**REDACTED**], the authorized Share capital of the Company will be US$50,000 divided into [**REDACTED**] Shares.

REASONS FOR THE [REDACTED]

Our Company is seeking a [**REDACTED**] of its Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence. For further details of our future plans, please refer to the section headed "Future Plans and Use of [**REDACTED**]".

[REDACTED] INVESTMENTS

Overview

We underwent the following [**REDACTED**] Investments, details of which are set forth below.

Investor	Subscription method	Date of investment in Banu Hotpot	Date of full payment of consideration	Amount of registered capital of Banu Hotpot subscribed	Number of the Company's Shares subscribed after the Reorganization	Consideration	Post-money valuation(1)	Cost per Share(2)	[REDACTED] to the [REDACTED](3)
				(RMB)		*(RMB)*	*(RMB)*	*(RMB)*	
Beijing Sanshengwan/Water Way Brand Ltd(4)	Subscription of registered capital of Banu Hotpot by cash	July 27, 2015	February 25, 2016	330,000(4)	188,569(4)	5 million	769,230,769	3.79	[REDACTED]%
Tomato No. 2 Partnership/Tomato Second Ltd	Subscription of registered capital of Banu Hotpot by cash	March 9, 2020	March 13, 2020	1,825,440	1,825,440	63 million	1.8 billion	8.63	[REDACTED]%
Tomato No. 5 Partnership/Tomato Fifth Ltd	Subscription of registered capital of Banu Hotpot by cash	August 17, 2020	August 26, 2020	1,613,054	1,613,054	60 million	2 billion	9.30	[REDACTED]%
GYH L Limited	Transfer of registered capital of Banu Hotpot by Henan Bashi Future	September 1, 2021	December 31, 2021	2,688,424	2,688,424	100 million	2 billion	9.30	[REDACTED]%
Tomato No. 6 Partnership/Tomato Sixth Ltd	Subscription of registered capital of Banu Hotpot by cash	August 25, 2022	May 9, 2022	1,329,840	1,329,840	110 million	5 billion	20.68	[REDACTED]%
Yellow Tomato/Welight Capital L.P.(5)	Subscription of registered capital of Banu Hotpot by cash	August 25, 2022	August 26, 2022	483,578	483,578	40 million	5 billion	20.68	[REDACTED]%

(1) The post-money valuation of our Company equals the total consideration paid by each round of [**REDACTED**] Investors divided by the shareholding percentage of it immediately following their investments and was adjusted to reflect the completion of [**REDACTED**].

(2) The cost per Share paid by the [**REDACTED**] Investors was calculated based on the amount of investment made by the relevant [**REDACTED**] Investors and number of Shares held by them immediately before the completion of the [**REDACTED**], and as adjusted assuming the [**REDACTED**] is completed.

(3) The [**REDACTED**] to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per Share, being the [**REDACTED**] of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share.

(4) Water Way Brand Ltd is an affiliate of Beijing Sanshengwan. Prior to the Reorganization, Beijing Sanshengwan held 0.55% of the total issued share capital of the Company, amounting to registered capital of RMB330,000, and was owned by Wei Jianfeng and Ms. Han as to 57.142% and 42.858%, respectively. As part of the Reorganization, Wei Jianfeng established his wholly-owned company, Water Way Brand Ltd, which subscribed for 188,569 Shares representing the same percentage of interests ultimately held by Wei Jianfeng in the Company through Beijing Sanshengwan prior to the Reorganization. In September 2023, Beijing Sanshengwan was deregistered.

(5) In October 2024, Welight Capital L.P. ("**Welight Capital**") transferred its 483,578 Series A Preferred Shares, representing 0.8% of the then total issued Share capital, to its ultimate beneficial owner, Mr. Wu Xiaoguang, an Independent Third Party, in exchange for shares of Welight Evergreen Limited, a company wholly owned by Mr. Wu Xiaoguang.

On December 2, 2024, the Company entered into the share repurchase agreement with Mr. Wu Xiaoguang, to repurchase 483,578 Series A Preferred Shares held by Mr. Wu at a total consideration of RMB40 million. The consideration was determined on an arm's-length basis and commercially negotiated between the parties with reference to the investment consideration paid by Welight Capital. Upon the completion of the aforementioned repurchase on December 5, 2024, Mr. Wu Xiaoguang was no longer our Shareholder.

Other Principal Terms of the [REDACTED] Investments

Basis of determination of the valuation and consideration . . . . The considerations for each class of the [**REDACTED**] Investments were determined based on arm's length negotiations amongst the [**REDACTED**] Investors and our Group, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business.

Lock-up Period . . . . The [**REDACTED**] Investors will not be subject to any lock-up arrangement at the time of [**REDACTED**] pursuant to the relevant agreements of the [**REDACTED**] Investments.

Use of proceeds from the [REDACTED] Investments . . . . Pursuant to the investment agreement, the proceeds from the [**REDACTED**] Investments have been used for (i) the development and operation of the principal business and general corporate purpose of our Company; and (ii) other purposes as approved by the Board. As of the Latest Practicable Date, we have utilized the proceeds from the [**REDACTED**] Investments in full.

Strategic benefits to our Company brought by the [REDACTED] Investors . . . . At the time of the relevant [**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the [**REDACTED**] Investments in our Group and the knowledge and experience of the [**REDACTED**] Investors in the catering industry. The [**REDACTED**] Investments demonstrated the [**REDACTED**] Investors' confidence in the operation and development of our Group.

Rights of the [REDACTED] Investors

According to the [**REDACTED**] shareholders' agreement (the "**Shareholders' Agreement**"), the [**REDACTED**] investors had been granted certain special rights, including, among others, information and inspection rights, preemptive right, right of first refusal, right of co-sale, redemption right and director appointment right.

All of such special rights will be automatically terminated immediately upon the completion of an [**REDACTED**] of the Company, except for the redemption right, which shall cease to be exercisable one day prior to the date of the first submission of the [**REDACTED**] to the Stock Exchange (the "[**REDACTED**]"), provided in the event of (a) the return or rejection of the [**REDACTED**] by the Stock Exchange and failure of the Company to refile a [**REDACTED**] within six months thereafter; (b) the Company serving a notice of withdrawal of the [**REDACTED**] to the Stock Exchange and failure of the Company to refile a [**REDACTED**] within six months thereafter; (c) the failure of the Company to refile a [**REDACTED**] to the Stock Exchange within six months after the previous [**REDACTED**] has lapsed; or (d) the Qualified [**REDACTED**] (as defined in the Shareholders' Agreement and including the [**REDACTED**]) is not consummated within twelve months after the submission of the [**REDACTED**], the rights so terminated shall resume automatically.

Joint Sponsors' Confirmations

On the basis that (i) the consideration for the [**REDACTED**] Investments was irrevocably settled no less than 28 clear days before the date of our first submission of the [**REDACTED**] to the Stock Exchange in relation to the [**REDACTED**]; and (ii) the special rights granted to the [**REDACTED**] Investors shall be terminated immediately upon the [**REDACTED**] (save for the redemption rights which have been terminated prior to the submission of the [**REDACTED**] as described above), the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with the Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024.

Information about our [REDACTED] Investors

The background of our existing [**REDACTED**] Investors is set out below:

Water Way Brand Ltd

Water Way Brand Ltd is a limited liability company incorporated in the BVI in November 2022. As of the Latest Practicable Date, it was wholly owned by an individual investor, Wei Jianfeng. To the best knowledge and information of the Company, all these above mentioned entity and individual are Independent Third Parties.

GYH L Limited

GYH L Limited is a limited liability company incorporated in BVI in November 2020. As of the Latest Practicable Date, it was wholly owned by an individual investor, Gao Defu. To the best knowledge and information of the Company, all these above mentioned entity and individual are Independent Third Parties.

Tomato Capital

Each of Tomato Second Ltd ("**Tomato No. 2**"), Tomato Fifth Ltd ("**Tomato No. 5**"), Tomato Sixth Ltd ("**Tomato No. 6**") is a limited liability company incorporated in BVI on December 12, 2022. All of Tomato No. 2, Tomato No. 5 and Tomato No. 6 are controlled and managed by Tomato Capital (as defined below), a private investment fund focusing on investment in catering brands and supply chains of the catering industry. Tomato No. 2 is a wholly-owned subsidiary of Tomato No. 2 Partnership. Tomato No. 5 is a wholly-owned subsidiary of Tomato No. 5 Partnership. Tomato No. 6 is a wholly-owned subsidiary of Tomato No. 6 Partnership.

The general partner of each of Tomato No. 2 Partnership, Tomato No. 5 Partnership and Tomato No. 6 Partnership is Beijing Tomato Private Equity Fund Management Co., Ltd.* (北京番茄私募基金管理有限公司) ("**Tomato Capital**"), which is held as to 99% by Mr. Qing Yong and 1% by Mr. Wang Bo, each being an Independent Third Party.

Tomato No. 2 Partnership was established in the PRC in November 2017 and has a capital contribution of RMB254 million as of the Latest Practicable Date. The partners of Tomato No. 2 Partnership include (a) Tomato Capital, as the general partner, holding 0.32% partnership interest, (b) Mr. Du, as a limited partner, holding 42.11% partnership interest, (c) Shenzhen Shengding Enterprise Investment Co., Ltd.* (深圳勝鼎創業投資有限公司), as a limited partner, which is controlled by Ms. Han as to 90%, holding 31.26% partnership interest, and (d) an Independent Third Party holding 26.31% partnership interest, as a limited partner.

Tomato No. 5 Partnership was established in the PRC in June 2020 and has a capital contribution of RMB88 million. The partners of Tomato No. 5 Partnership include (a) Tomato Capital, as the general partner, holding 0.07% partnership interest, (b) Gao Defu, an Independent Third Party, holding 83.35% limited partnership interest, who is also the sole shareholder of GYH L Limited, an existing Shareholder of the Company, and (c) Guangzhou Pinxin Yuegu Enterprise Management Co., Ltd.* (廣州品芯悅谷企業管理有限公司) which is ultimately wholly owned by Jiumaojiu International Holdings Limited (stock code: 9922.HK), holding 16.58% limited partnership interest.

Tomato No. 6 Partnership was established in the PRC in December 2020 and has a capital contribution of RMB438 million. The partners of Tomato No. 6 Partnership include (a) Tomato Capital, as a general partner, holding 0.18% partnership interest, and (b) 30 other limited partners, each holding less than 20% partnership interest, and being an Independent Third Party.

PUBLIC FLOAT

Upon the completion of the [**REDACTED**] and the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme, each of (i) D&H (BVI) LTD and BANU UNITED LTD, being our Controlling Shareholders, and (ii) Tomato Second Ltd, where Mr. Du is interested in more than 30% limited partnership interest thereof, will be deemed as our core connected persons. As such, a total of [**REDACTED**] Shares (taking into account the [**REDACTED**]) held by them, representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**], will not be counted towards the public float.

Save as disclosed above, upon the completion of the [**REDACTED**] and the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme, all Shares held by the other Shareholders will be counted towards the public float, representing approximately [**REDACTED**]% of the issued share capital of the Company.

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 and without taking into account of any Shares that may be issued under the Share Option Scheme):

					As of the Latest Practicable Date without taking into account the [REDACTED]		Upon completion of [REDACTED] and the [REDACTED](2)		
Name of Shareholder	Number of Ordinary Shares	Number of Series Angel-1 Preferred Shares(1)	Number of Series Angel-2 Preferred Shares(1)	Number of Series A Preferred Shares(1)	Number of Shares(1)	Shareholding percentage	Number of Shares	Shareholding percentage	Whether the Shares will be counted towards the public float
D&H (BVI) LTD(3)	45,130,747	–	–	–	45,130,747	75.26%	[REDACTED]	[REDACTED]%	No
BANU UNITED LTD	4,865,363	–	–	–	4,865,363	8.11%	[REDACTED]	[REDACTED]%	No
BANU FUTURE LTD	2,322,260	–	–	–	2,322,260	3.87%	[REDACTED]	[REDACTED]%	Yes
Water Way Brand Ltd	188,569	–	–	–	188,569	0.31%	[REDACTED]	[REDACTED]%	Yes
GYH L Limited	2,688,424	–	–	–	2,688,424	4.48%	[REDACTED]	[REDACTED]%	Yes
Tomato Second Ltd	–	1,825,440	–	–	1,825,440	3.04%	[REDACTED]	[REDACTED]%	No
Tomato Fifth Ltd	–	–	1,613,054	–	1,613,054	2.69%	[REDACTED]	[REDACTED]%	Yes
Tomato Sixth Ltd	–	–	–	1,329,840	1,329,840	2.22%	[REDACTED]	[REDACTED]%	Yes
Other [**REDACTED**] taking part in the [**REDACTED**]	–	–	–	–	–	–	[REDACTED]	[REDACTED]%	Yes
Total	**55,195,363**	**1,825,440**	**1,613,054**	**1,329,840**	**59,963,697**	**100.00%**	[REDACTED]	**100.00%**	

Notes:

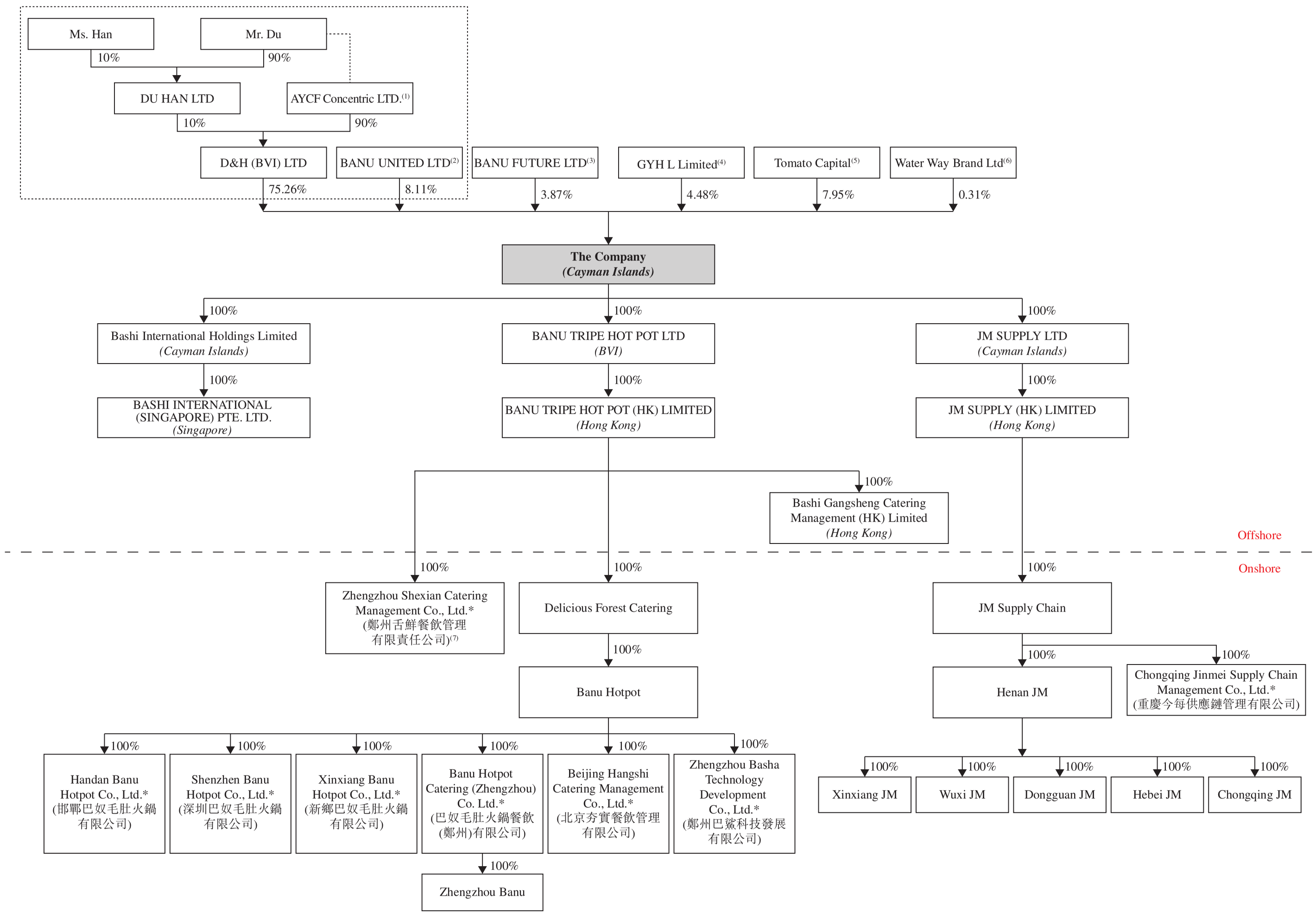
(1) Each Series Angel-1 Preferred Share, Series Angel-2 Preferred Share and Series A Preferred Share shall be converted into one Ordinary Share with effect from the [**REDACTED**]. The number of Shares does not take into account the completion of [**REDACTED**].

(2) Assuming no exercise of the [**REDACTED**] and without taking into account of any Shares that may be issued under the Share Option Scheme.

(3) D&H (BVI) LTD is held by (a) DU HAN LTD as to 10%, which is held by Mr. Du and Ms. Han as to 90% and 10%, respectively, and (b) AYCF Concentric LTD. as to 90%, which is ultimately wholly controlled by a trust in which Mr. Du is the settlor, with his family members as the beneficiaries.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Group immediately before completion of the [**REDACTED**]



Notes:

(1) AYCF Concentric LTD. is an investment holding company wholly-owned by AYCF LTD. The entire interest in AYCF LTD is held by a trust that was established by Mr. Du (as the settlor) with his family members as the beneficiaries. Mr. Du acts as the sole director of AYCF Concentric LTD., and controls the voting power attached to the Shares held by AYCF Concentric LTD.

(2) BANU UNITED LTD, a company incorporated in the BVI in December 2022, is wholly owned by Hangzhou Bashi. The general partner of Hangzhou Bashi is Zhengzhou Xingshenghe Trading Co., Ltd. (鄭州興勝和商貿有限公司) ("**Zhengzhou Xingshenghe**"), which is held by Mr. Du and Ms. Han as to 80% and 20%, respectively, holding approximately 0.01% partnership interest therein. The sole limited partner of Hangzhou Bashi is Henan Bashi Gongchuang, holding approximately 99.99% partnership therein. The partners of Henan Bashi Gongchuang include (a) Zhengzhou Xingshenghe as the general partner, holding approximately 0.71% partnership interests therein, (b) Mr. Du, Mr. Liu Changqing, Mr. Li Hao, Mr. Liu Niankang and Ms. Xu Chu, each being our executive Director, holding approximately 35.89%, 5.64%, 10.26%, 6.41% and 5.13% partnership interests therein, (c) Ms. Han holding approximately 3.78% partnership interest, and (d) other 36 limited partners holding approximately 32.19% partnership interest in aggregate, who are or were our employees or consultants. The voting rights held by BANU UNITED LTD in our Company are exercised by its sole director, Mr. Du.

(3) BANU FUTURE LTD is a company incorporated in the BVI on November 10, 2022, as a shareholding platform of our Group. As of the Latest Practicable Date, BANU FUTURE LTD was held by Mr. Du and Mr. Liu Changqing as to approximately 26.5% and 22.78%, respectively. None of other 36 shareholders, who are or were employees or consultants of the Group, holds more than 10% equity interest in BANU FUTURE LTD. The voting rights held by BANU FUTURE LTD in our Company are exercised by its sole director, Ms. Zhang Lihua, a consultant of our Group and a shareholder of BANU FUTURE LTD.

(4) GYH L Limited is a limited liability company incorporated in the BVI on November 26, 2020. As of the Latest Practicable Date, it was wholly owned by Gao Defu, an Independent Third Party.

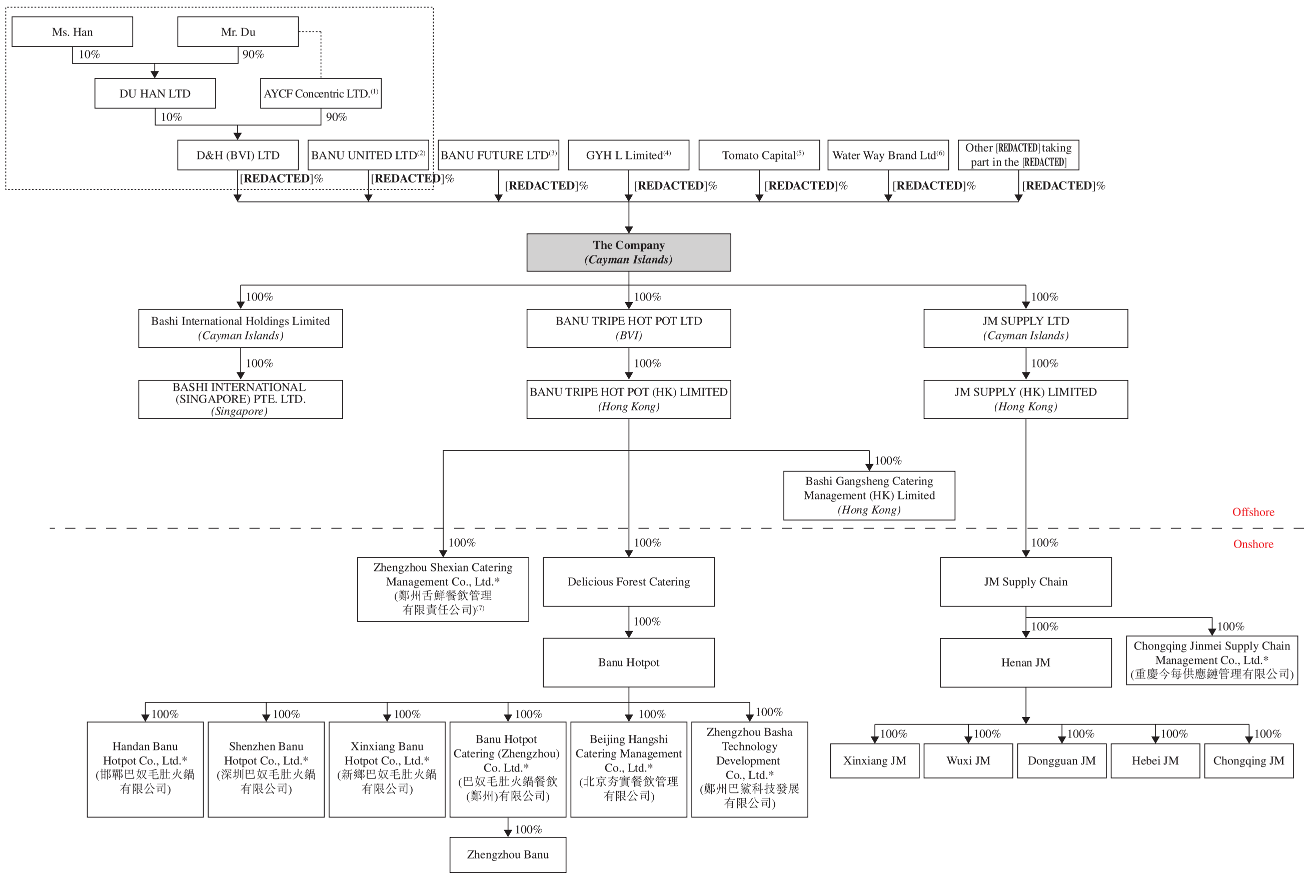
(5) Tomato Capital here represents Tomato No. 2, Tomato No. 5 and Tomato No. 6. For details of Tomato Capital, please refer to "— Information about our [**REDACTED**] Investors — Tomato Capital" in this section.

(6) Water Way Brand Ltd is a limited liability company incorporated in the BVI on November 7, 2022. As of the Latest Practicable Date, it was wholly owned by Wei Jianfeng, an Independent Third Party.

(7) To the best knowledge of the Directors, Zhengzhou Shexian Catering Management Co., Ltd.* (鄭州舌鮮餐飲管理有限責任公司) was in the process of voluntary deregistration as of the Latest Practicable Date.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Group immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme):



Notes:

Notes (1) to (7): See the details contained in the preceding pages.

PRC REGULATORY REQUIREMENTS

SAFE Registration

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**SAFE Circular 37**"), promulgated by SAFE and which became effective on July 4, 2014, which replaced the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**SAFE Circular 75**"), (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle ("**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) ("**SAFE Circular 13**"), promulgated by SAFE and which became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located, and the SAFE and its branches shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

Our PRC Legal Adviser has advised that Mr. Du, who is a PRC resident, according to the SAFE Circular 37, has completed his initial foreign exchange registration on December 26, 2022.

M&A Rules

Pursuant to Article 11 of the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) ("**M&A Rules**") jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, the SAIC (currently known as the SAMR) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009 with immediate effect, approval from MOFCOM is required where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it, acquires a domestic company which is related to or connected with it.

As advised by our PRC Legal Adviser, since Delicious Forest Catering and JM Supply Chain were foreign-invested enterprises immediately prior to the Reorganization and the Reorganization did not involve any acquisition of domestic enterprises, Article 11 of the M&A Rules is not applicable to the Reorganization.

OVERVIEW

Who We Are

We are the largest premium hotpot brand in China. Anchored in a product-centric philosophy (產品主義) and supported by a differentiated market positioning, we have established ourselves as the leading player in China's premium hotpot market, offering signature items such as beef tripe (毛肚) and wild mushroom broth (菌湯). According to Frost & Sullivan, we ranked first in China's premium hotpot market by revenue with a 3.1% market share in 2024. As of the Latest Practicable Date, our self-operated restaurant network comprised 145 restaurants across 39 cities in China, representing a 74.7% increase from the end of 2021, underscoring our ability to scale effectively in the premium consumption segment. As of the same date, we operated five integrated central kitchens also serving as both production and logistics hubs, and one specialized ingredient processing facility, supporting our operations across 14 provinces and municipalities in China.

Brand Origin and Growth History

Mr. Du Zhongbing (杜中兵), our founder, has deep roots in the catering industry. His passion and dedication to hotpot has shaped *Banu*'s unique brand image and development trajectory. This entrepreneurial journey began with a simple and sincere aspiration of Mr. Du — to prepare quality hotpot for his family and friends. In 2001, Mr. Du entered the catering industry, opening the first hotpot restaurant in Anyang, Henan. From there, the dream of "Exceptional Hotpot" took root and began to grow.

Our brand name "*Banu*" originates from the culture of Chongqing boat trackers, who are considered pioneers of Sichuan-Chongqing hotpot. Mr. Du has infused into our brand the spirit of unity and perseverance embodied by these trackers, who were known for working together and moving forward against the current. He hopes that *Banu* will represent not only a hotpot restaurant, but also a vessel for carrying forward this spirit. We remain committed to promoting a culture of healthy and premium dining, striving to become the leading hotpot brand in China and to bring beef tripe hotpot onto the global stage as a symbol of Chinese culinary culture.

From the outset of the brand, Mr. Du departed from then-prevailing industry practices, such as using caustic soda method to process beef tripe and reusing oil in soup bases, and instead advocated for a healthier approach to hotpot dining. As early as 2006, when we had fewer than ten restaurants, we established an ingredient processing facility in Chongqing to ensure product quality at the source. In 2009, we expanded into Zhengzhou, Henan, marking the beginning of our nationwide expansion. In 2012, we officially changed our name to "Banu Tripe Hotpot" to highlight beef tripe as our signature dish and to establish a clear brand strategy and differentiated market positioning. Over time, customers have gradually developed a strong brand association — from hotpot to beef tripe, and from beef tripe to Banu.

That same year, we opened a restaurant in Wuxi, Jiangsu, laying the foundation for our entry into the Eastern China market. In 2018, we entered a new phase of development with the launch of our first restaurant in Beijing, located in U Town Shopping Center. Although we had only one restaurant in the city at the time, we established a local central kitchen in Northern China to safeguard product quality on a daily-delivery basis. In 2021, we built a central kitchen in Southern China to support our first restaurant in Shenzhen and enhance regional supply capabilities. In 2023, we further established a Southwest central kitchen, enabling us to source quality local vegetables from Yunnan and distribute them to our restaurants nationwide, thereby enriching our product portfolio with regional characteristics.

Treat Your Friends to *Banu* (請朋友, 吃巴奴)

The product-centric philosophy has always been at the heart of Mr. Du's vision. With a long-standing focus on the premium hotpot segment, he has led the team in sourcing quality ingredients directly from their places of origin and meticulously crafting each dish to earn widespread customer recognition. As a result, the phrase "Treat Your Friends to *Banu*" has become a spontaneous expression among many of our customers. At *Banu*, customers not only enjoy a relaxed and sincere social experience with friends, but also savor our signature dish — beef tripe — along with a curated selection of other premium offerings. This experience enables customers to express appreciation for their companions and strengthen mutual bonds in a natural and pressure-free setting. The appeal of "Treat Your Friends to *Banu*" continues to grow among a widening customer base that values quality and authenticity.

Why We Adhere to a Product-Centric Philosophy

Products are the cornerstone of the catering industry. In dining consumption scenarios, we believe customers prioritize quality products over additional services or features. Guided by a deep respect for the fundamentals of the catering industry and a profound understanding of its trend, our founder, Mr. Du, has consistently adhered to a product-centric philosophy — one that emphasizes a return to the essence of dining. This philosophy reflects our unwavering commitment to quality and our goal of delivering new values that exceed customer expectations.

We build our business and company around this philosophy. From product development to product presentation, from brand building to restaurant operations, from ingredient processing to our third-generation supply chain, from online engagement to offline experience, and from the moment a customer enters a restaurant to the moment they leave — we place the product at the center. By continuously enhancing our organizational capabilities, refining every customer touchpoint, and optimizing the entire customer journey, we strive to foster trust and affinity for *Banu*.

Market Opportunities

We have witnessed a shift in customer demand for hotpot in the current restaurant landscape, particularly in the post-pandemic period. As people place greater emphasis on caring for family and friends, health consciousness, and food quality, traditional hotpot brands that merely satisfy basic nutritional needs are increasingly falling short of expectations. This rising pursuit of quality has created ample opportunities for the growth of premium hotpot brands, such as us. With hotpot's distinctive "cook-as-you-eat" format, it naturally showcases the freshness and quality of its ingredients, making it well positioned to meet the increasing demand for quality. Compared with traditional hotpot, premium hotpot brands, such as *Banu*, typically adopt higher standards in ingredient sourcing, health and safety protocols, and overall experience, enabling them to better serve evolving customer preferences for health, quality, service, as well as meet their needs to socialize with friends.

Amid intensifying competition across the industry, many players in the catering market began to focus on pricing strategies and cost management. In sharp contrast, we have remained firmly committed to a product-centric philosophy that emphasizes quality control and long-term brand development. As the hotpot sector continues to move toward greater branding and premiumization, we believe our distinct product positioning, stable supply chain, and ongoing innovation have enabled us to build strong customer recognition. This market environment and customer trend offer a solid foundation for brand development and a favorable landscape for sustained growth through product innovation, network expansion, and supply chain advancement.

According to Frost & Sullivan, China's hotpot industry is expected to maintain steady growth from 2024 to 2029 with a CAGR of approximately 6.5%. Inside this market, the premium hotpot segment is projected to grow even faster at a CAGR of 7.8%. We believe that, with our established brand strengths and organizational capabilities, we are well-positioned to continue benefiting from these trends and to further solidify our leadership in the premium hotpot segment.

Restaurant Network Expansion

Our total number of self-operated restaurants has grown from 83 as of January 1, 2022 to 145 as of the Latest Practicable Date, representing a growth rate of 74.7%. The continuous growth in the number of restaurants reflects our sustained expansion capability in the premium hotpot sector in China.

As a key example, as of the Latest Practicable Date, we operated 53 restaurants in Henan and 92 restaurants across other provinces in China, demonstrating our ability to replicate the success of our "Henan Model" in markets beyond our core region. As of the Latest Practicable Date, by city tier, in addition to the 31 restaurants we have opened in first-tier cities, we have a total of 114 restaurants in second-tier and lower-tier cities, accounting for 78.6% of our total number of restaurants as of the same date. Our premium hotpot positioning and pricing strategy have not only gained recognition in first-tier markets but also met the demand for premium products among customers in second-tier and lower-tier cities, demonstrating broad market adaptability and replicability.

Our new restaurant expansion continues to center around our third-generation supply chain system, in line with our strategy of building infrastructure ahead of expansion. We have consistently invested in the development of central kitchen capabilities to ensure stable regional supply of ingredients featuring our daily delivery capabilities and consistent product quality. As of the Latest Practicable Date, we had established five central kitchens, providing strong backend support for our ongoing expansion across the relevant regional markets.

Our Growth and Financial Performance

During the Track Record Period, we have maintained steady growth and demonstrated impressive financial performance. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, we achieved revenues of RMB1,433.1 million, RMB2,111.6 million, RMB2,307.3 million, RMB563.9 million and RMB708.7 million, respectively. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, we recorded a loss of RMB5.2 million, a profit of RMB101.7 million, a profit of RMB122.9 million, a profit of RMB35.0 million and a profit of RMB55.2 million, respectively. During the same period, our adjusted profit for the year/period (non-IFRS measure) was RMB41.5 million, RMB143.7 million, RMB195.9 million, RMB57.5 million and RMB76.7 million, respectively.

We have consistently achieved net inflows of operating cash, amounting to RMB262.4 million, RMB428.6 million, RMB494.7 million, RMB161.4 million and RMB149.0 million in 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively.

During the Track Record Period, we significantly enhanced our overall operational efficiency through standardized and refined operations. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our restaurant operating profit margins were 15.2%, 21.3%, 21.5%, 23.1%, and 23.7%, respectively. Our overall table turnover rate increased from 3.0 in 2022 to 3.7 in the first quarter of 2025. At the same time, we demonstrated a stronger operating efficiency in second-tier and below cities. In the first quarter of 2025, our restaurant operating profit margin in first-tier cities is 20.7%, and the restaurant operating profit margin in second-tier and below cities was 24.5%, both of which are higher than the industry average in China, according to Frost & Sullivan.

We have continuously consolidated our leading position in the premium hotpot sector, maintaining a good momentum in revenue growth, profitability, cash flow performance, and operational efficiency, reflecting our strong operational resilience and sustainable growth potential.

OUR COMPETITIVE STRENGTHS

China's No. 1 Premium Hotpot Brand with Growth Potential, Differentiated Positioning, and Product Capabilities

We are the leader in China's premium hotpot market with a pursuit of product-centric philosophy and a differentiated strategic positioning. According to Frost & Sullivan, we are the largest brand in China's premium hotpot market in terms of revenue with a 3.1% market share in 2024. As of the Latest Practicable Date, our self-operated restaurant network had expanded to 145 restaurants across 39 cities in China, representing a 74.7% increase from the end of 2021. This growth highlights our capability for continued expansion in China's premium consumption segment. As of the same date, we had five integrated central kitchens that also serve as storage and logistics hubs, and one specialized ingredient processing facility, covering 14 provinces and municipalities in China.

We adhere to the core operating philosophy that the best service lies in great products. We improve the customer experience in China's hotpot segment with our signature items such as beef tripe and wild mushroom broth, supported by our professional yet appropriately restrained restaurant service. We target the mainstream customer base that values product quality and dining experience and leverage the influence of these customers to drive positive word-of-mouth.

Alongside our rapid expansion, we have achieved improvements in single-restaurant performance. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our restaurant operating profit margin reached 15.2%, 21.3%, 21.5%, 23.1%, and 23.7%, respectively. Our overall table turnover rate increased from 3.0 in 2022 to 3.7 in the first quarter of 2025. Both increase demonstrate a healthy balance between growth and operational efficiency.

Our Adherence to a Product-Centric Philosophy, Focus on the Fundamentals of Dining, and Leadership in Setting Industry Standards

We firmly believe that products are the cornerstone of the catering industry. Through continuous product R&D and innovation centered around customer needs, we have created a series of signature products that have inspired the industry to follow suit.

According to Frost & Sullivan, we were among the first in the industry to adopt papain-based tenderization technology as a replacement for the traditional caustic soda method, enabling us to offer customers healthier and more tender beef tripe. Building on this innovation, we continued to improve our production techniques and became one of the first companies in the hotpot industry to independently develop a mechanized beef tripe processing production line, according to Frost & Sullivan, which contributed to the industry's transition toward greener and healthier consumption. Meanwhile, we remain committed to delivering natural taste to our customers. We, through our Southwest central kitchen, bring fresh vegetables from Yunnan to our restaurants nationwide, enabling direct sourcing from origin.

Our product R&D team leverages in-depth knowledge of ingredients and insights into customer needs to develop a diverse product portfolio that includes both signature and innovative products. Our classic products — beef tripe and wild mushroom broth — have been served to customers at *Banu* restaurants for over 20 years and remained key brand identifiers. Other original and flagship products include Inner Mongolian grass-fed lamb roll (內蒙古草原羔羊), soybean sprouts (井水黃豆芽), eatable spinach with roots (笨菠菜), fried dough sticks with fennel seeds (茴香小油條), fresh cauliflower mushroom (繡球菌), *Banu* hand-pulled noodles (巴奴拽面). By standardizing sourcing and processing methods, we have not only elevated the quality of our own supply chain but also contributed to setting benchmarks for ingredient sourcing and product innovation across the hotpot industry in China.

Our efficient control and agile response across the supply chain support our pursuit of product quality, freshness, and health. Guided by our philosophy of "chilled not frozen, natural not artificial, and same-day not overnight (能冷鮮不冷凍，能天然不添加，能當天不隔夜)," we process all ingredients at our central kitchens and operate a comprehensive cold chain logistics system. This enables restaurants across our nationwide network to place daily orders that are fulfilled with next-day deliveries from our central kitchens, ensuring consistent freshness, quality, and safety standards across all our restaurant network and supporting our commitment to high-standard and uniform product output.

An Integrated and Product-driven Customer Experience Across Online and Offline Channels

For customers' in-store experience, our restaurant design aims to highlight our signature products, offering a differentiated experience that balances product presentation with distinctive aesthetics. For example, we showcase key ingredients such as beef tripe in window displays and regularly update seasonal offerings — such as our "Monthly Fresh Vegetables" initiatives — to create an intuitive impression of freshness and natural quality. We adopt an open kitchen layout in restaurants that presents ingredient handling and preparation processes. These are complemented by product lightboxes, digital screens, and other tools to visualize ingredient traceability and further reinforce customer trust in our food quality.

Post-visit, our differentiated in-store service process is supported by online engagement tools such as private traffic managed by restaurant general managers, allowing us to maintain consistent customer touchpoints and engagement. At the same time, we also provide a comprehensive member service system to further ensure the experience of customers after they leave. Members enjoy tier-based benefits including reservation privileges and early access to new dishes, as well as gifts during birthdays, member days, and holidays. In addition, we promptly follow up to collect feedback and sustain ongoing interaction.

We place great emphasis on direct communication and connection with our members, encouraging them to stay within our proprietary digital channels. As of December 31, 2024, each restaurant general manager was responsible for engaging with a member base averaging over 23,000 individuals per store. Supported by our quality offerings, we have cultivated a loyal and growing customer base that supports repeat purchases and sustainable revenue growth. During the Track Record Period, our registered membership base grew from approximately 3.7 million as of January 1, 2022 to over 12.8 million as of March 31, 2025.

An Optimal Restaurant Profitability Model Supporting Rapid Cross-Regional Expansion

We place great emphasis on lean store operations. Supported by our central kitchens and cold chain infrastructure, we have implemented processing and small-batch packaging of ingredients, significantly reducing our restaurant' reliance on in-store equipment and labor. This approach also minimizes the space required for back-of-house operations and storage. On average, our kitchen space accounts for less than about 20% of each store's floor areas, resulting in substantially improved space utilization. Our monthly average revenue per square meter increased from approximately RMB1,600 in 2022 to approximately RMB2,700 in the first quarter of 2025.

In particular, we have built a strong regional foundation in Henan through years of efforts. As of December 31, 2024, we operated 56 restaurants in Henan with a market share of 19.8% in terms of revenue in Henan's premium hotpot market, far above other players in the same segment, according to Frost & Sullivan. We have covered all of the key commercial areas in Zhengzhou and built significant presence in core areas of second and lower-tier cities across Henan. The clustering of *Banu* restaurants in Henan has further strengthened brand awareness and market momentum. It also enables the sharing and flexible allocation of supply chain and human resources, significantly enhancing overall operational efficiency. Leveraging the operational capabilities accumulated through our long-standing presence, we achieved a restaurant operating profit margin of 26.2% in Henan in the first quarter of 2025.

Furthermore, we have developed a highly efficient, scalable and replicable expansion model from over 20 years of operational experience and systematic capability. Our first restaurant in a given new market usually experiences a strong ramp-up, supported by the brand momentum we have built through long-term product differentiation and stable word-of-mouth. This is further reinforced by a broad base of customers who have satisfactory experiences with *Banu*, feel a sense of affinity for our brand, and hold clear expectations for what we offer. For instance, we entered four new cities in 2024, and the first restaurant in each of these cities recorded an average table turnover rate of 4.8 during their first full calendar month of operation, exceeding the industry average, according to Frost & Sullivan. High product quality and a well-rounded service experience further drive repurchases and word-of-mouth growth, accelerating our regional expansion.

With our lean and efficient store model and a proven regional expansion strategy, we have formed a virtuous cycle of scaling from single-store success to multi-store replication. This has allowed us to pursue both rapid expansion and long-term efficiency, building a highly predictable growth trajectory. Our total restaurant number increased by 74.7% from 83 as of January 1, 2022 to 145 as of the Latest Practicable Date. The number of our restaurants outside Henan, our base market, grew by 175.8% during the Track Record Period. In the first quarter of 2025, the overall table turnover rate for *Banu* restaurants reached 3.7. In 2022, 2023 and 2024 and the three months ended March 31, 2025, approximately 63.6%, 75.9%, 90.0% and 94.6% of our restaurant table visits involved at least one registered member, respectively.

An Efficient Supply Chain Platform Enabled by an Integrated Digital System

To ensure consistent delivery of premium ingredients, we have developed a standardized and automated central kitchen system. According to Frost & Sullivan, we are the only one among the top five hotpot chain restaurant operators in China that supplies all menu items across all restaurants via central kitchens. We operate five central kitchens as of the Latest Practicable Date in Northern China, Southern China, Eastern China, Central China, and Southwest China. Their strategical locations are capable of meeting the demand from our rapid business expansion across China. To ensure the consistent quality of ingredients and achieve 24-hour fresh delivery, central kitchens generally have a coverage radius of up to 600 kilometers. We continuously improve the operational efficiency of our central kitchens and maintain our competitive edge by optimizing production line layout, making technological upgrades and personnel scheduling adjustments.

At the same time, we have built an integrated digital system that covers the full operational cycle, including procurement and supplier management, central kitchen operations, warehousing and logistics, workforce management, and store operations. Our in-store inventory management system enables tracking and intelligent analysis of inventory levels and shelf life of key ingredients. As a result, our inventory turnover days decreased by approximately 40% from 2022 to 2024. Our highly efficient supply chain is particularly important as we strive to deliver natural and fresh ingredients at *Banu* restaurants. Given that fresh vegetables typically have a shelf life of two to four days, our digitally enabled rapid turnaround significantly enhances ingredient freshness and supply chain efficiency, reinforcing our competitive advantage in providing premium-quality ingredients. Supported by our advanced digital system, our restaurants can place orders daily, which are promptly processed through logistics scheduling, ensuring next-day delivery from central kitchens.

A Visionary Founder with Industry Insights and a Diversified, Professional Management Team

Our founder, Mr. Du Zhongbing, is a visionary entrepreneur with extensive experience in the catering industry. For over two decades, he has remained true to his original aspiration of building "Not just a great hotpot, but a school for excellence (一個好火鍋,一所好學校)." Since opening the first restaurant in 2001, Mr. Du has adhered to a product-centric philosophy and led *Banu* with a focus on natural and healthy principles, driving innovation across the industry. As a pioneer in product innovation and brand building in the catering sector, Mr. Du has established a product-driven operational model that has successfully led the transition of the hotpot industry from a service-oriented approach to a product-oriented consumption model.

Under Mr. Du's leadership, we have built a diverse and professional management team composed of talents from across industries. Our team members possess both interdisciplinary backgrounds and deep domain expertise, with a well-structured age mix and a sharp insight into emerging dining trends. The core management team shares and upholds *Banu*'s values and entrepreneurial spirit, forming a stable and long-term interest-aligned group that ensures strategic consistency and forward-looking execution.

We place a strong emphasis on nurturing young talent and are one of the few companies in the hotpot industry with a large-scale campus recruitment program. Through a systematic selection process, we consistently attract outstanding university graduates as future leaders in senior management and store operations. As of March 31, 2025, 75.1% of our restaurant general managers held an associate degree or above, providing standardized and quality talent support for our nationwide expansion.

OUR GROWTH STRATEGIES

We are committed to further solidifying our market position and achieving stable scaled growth and premium development through strategic expansion of our restaurant network, continuous refinement of our product and supply chain systems, increased investment in digitization, and deepening of brand building.

Replicating a Proven Model and Continuously Expanding Restaurant Network to Drive Stable Business Growth

We plan to continuously explore growth potential in existing markets and identify opportunities in new markets. Based on local market dynamics and customer preferences, we aim to formulate effective, localized store expansion strategies. In cities we have already entered, we have established efficient operating models and store formats. Leveraging our in-depth city-level operating experience and insights into local customers, we intend to strategically identify and secure quality locations, gradually increase store density, and replicate our proven model in Henan across the country to achieve steady and scalable growth.

To further strengthen our regional presence, we plan to deepen our penetration in existing markets and expand into untapped sub-markets within each city.

For selective expansion into new regions, we will assess multiple factors including economic development, population size and structure, youth demographics, consumption patterns, and taste preferences. We intend to seize growth opportunities in underdeveloped markets. Specifically, we will take first-tier cities or provincial capitals as our base, and leverage the brand momentum we have in these regions to expand into surrounding cities. In Henan, for example, we have successfully entered other cities in the province on the basis of Zhengzhou as our base market. Going forward, we will continue to expand our presence in these cities, gain experience operating in lower-tier markets, and replicate this approach in other high-potential regions.

Continue Enhancing Product Research and Development and Innovation, and Strengthen Supply Chain to Improve Operational Efficiency

We plan to continuously enhance our product R&D and innovation to provide customers with a product-centered consumer experience. At the same time, we will continue to enhance our supply chain to further improve our overall operational efficiency.

In terms of product R&D, we will continue to adhere to our product-centric philosophy, placing emphasis on innovation in hotpot ingredients and preparation techniques, and further mastering key technologies to enhance product quality and differentiation.

On the sourcing side, we will continue to optimize supplier selection standards and evaluation systems, deepen partnerships with core quality suppliers, and leverage our growing scale to enhance bargaining power and realize economies of scale.

We also plan to support our upstream suppliers by sharing our processing standards and technical requirements. This will help drive product innovation and ensure ingredient quality and standardization, while also enabling more effective cost management.

With the expansion of our store network, we will increase the capacity of our existing central kitchens and selectively build new ones in strategic locations to ensure timely and reliable ingredient distribution, supporting our store expansion and standardization of output.

Continue Investing in and Deepening Digital Enablement to Enhance Operational Management

We plan to continue investing in digitalization to achieve more effective cost control and continuously improve our overall operational capabilities, laying the foundation for quality growth.

On the store side, we will continue to roll out our digital store management system, covering core areas such as reservation, queuing, ordering, kitchen-to-table flow, staff scheduling, performance tracking, and monitoring of key operating and financial metrics. This will standardize and refine store operations, ultimately improving efficiency.

On the supply chain side, we will continue investing in and optimizing our supply chain information systems to streamline information flows. For instance, we plan to improve scientific decision-making in purchasing, delivery, and restocking, as well as inventory management at the warehousing level. Meanwhile, intelligent logistics systems will be used in distribution to ensure efficient fulfillment while reducing cost and wastage.

Continue Investing in Brand Building to Strengthen Brand Image

We plan to continue investing in brand and building our membership system to enhance customer engagement and interaction, expand our customer base, further capture consumer awareness, and increase our brand mindshare.

In terms of culture and brand development, we aim to enhance our ability to produce quality content, continue promoting our product-centric philosophy, and deliver a distinctive and enriched brand image. Our ongoing network expansion, coupled with deeper market penetration and geographic reach, is expected to further enlarge our customer base and reinforce our brand equity. We will continue to broaden marketing channels to reach targeted customers effectively and consolidate brand awareness across markets.

In terms of membership, we aim to expand the reach of our program. At the same time, we will strengthen member engagement by offering creative events and attractive benefits, creating more value for our customers.

OUR HOTPOT BUSINESS

We operate a self-operated network of premium hotpot restaurants committed to the product-centric philosophy (產品主義). We strive to deliver a quality hotpot dining experience through the careful selection of ingredients, a refined product portfolio, a well-established supply chain, and a consistently operated self-operated restaurant network. We have always positioned our product quality as our core competitive advantage and continue to refine our offerings with a differentiated approach. We adopt a standard of "chilled not frozen, natural not artificial, and same-day not overnight," which has contributed to the establishment of our strong brand recognition and distinctive positioning in China's premium hotpot market. According to Frost & Sullivan, we were the largest brand in China's premium hotpot market in terms of revenue with a market share of 3.1% in 2024. We were also the third-largest brand in China's overall hotpot market in terms of revenue with a 0.4% market share in 2024, according to the same source.

During the Track Record Period, our revenue, which was primarily derived from restaurant operations, grew steadily as the number of our restaurants increased. In 2022, 2023 and 2024 and the three months ended March 31, 2025, revenue from restaurant operation related services amounted to RMB1,397.1 million, RMB2,044.9 million, RMB2,253.6 million and RMB696.2 million, respectively, accounting for 97.5%, 96.8%, 97.7% and 98.2% of our total revenue for the same periods, respectively. In addition, we generated a small portion of revenue from sales of condiment products and food ingredients during the Track Record Period.

The following table sets forth a breakdown of our revenue source in absolute amounts and as a percentage of our total revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Restaurant operation related services	1,397,111	97.5	2,044,928	96.8	2,253,587	97.7	546,016	96.8	696,243	98.2
Sales of condiment products and food ingredients	31,752	2.2	58,904	2.8	47,357	2.0	16,342	2.9	10,971	1.6
Others[(1)]	4,275	0.3	7,737	0.4	6,325	0.3	1,547	0.3	1,518	0.2
Total revenue	**1,433,138**	**100.0**	**2,111,569**	**100.0**	**2,307,269**	**100.0**	**563,905**	**100.0**	**708,732**	**100.0**

Note:

(1) Others primarily represent revenue from sublease of a few of our leased properties and kitchen waste disposal.

Our Menu Philosophy: A Product-Centric Journey Starting from Beef Tripe

We see products as the cornerstone of our business. Guided by a product-centric philosophy that emphasizes authenticity, natural flavors, nutritional integrity and high standards, we have consistently developed benchmark dishes that lead industry trends and drive customer preference. This philosophy anchors our product development and menu design, enabling us to meet growing demand for quality hotpot.

Beef tripe and wild mushroom broth are our signature products. They have remained key drivers of customer loyalty for over two decades, and are widely recognized as hallmarks of *Banu* brand. Together with our twelve companion dishes, which feature either original recipes or differentiated supply chain advantages, these products form a stable and distinctive core product portfolio that supports high repurchase rates and long-term brand competitiveness.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, beef tripe, wild mushroom broth and twelve companion dishes together accounted for 49.8%, 48.0%, 47.9% and 49.6% of our total sales, respectively. This consistent performance demonstrates the strength of our key items and underpins our competitive positioning in the premium hotpot segment.

Beef Tripe and New Zealand Chilled Fresh Beef Tripe

Beef tripe is both the signature dish of *Banu* and a symbol of Sichuan-Chongqing hotpot. Over the years, we have established a strong mental association among consumers from hotpot to beef tripe, and from beef tripe to *Banu*. According to Frost & Sullivan, we were among the first in the industry to use papain-based tenderization technology to replace the traditional caustic soda method to deliver healthier and crisper beef tripe products. According to Frost & Sullivan, we further pioneered the beef tripe preparation as one of the earliest market players to develop a mechanized beef tripe processing line, setting a new industry benchmark for clean, standardized, and sustainable production.

In 2024, we further elevated the beef tripe category by introducing New Zealand Chilled Fresh Beef Tripe, sourced from grass-fed cattle raised on natural pastures. Prepared and cut tableside by our staff, the product delivers an enhanced sensory experience by showcasing its freshness and texture directly to the customer, reinforcing both product quality and customer engagement.

Wild Mushroom Broth

Wild mushroom broth is our signature broth, made daily in-store using wild mushrooms sourced from high-altitude regions in Yunnan, Guizhou, and Sichuan. Each pot is simmered to extract a rich, mellow flavor. To enhance the dining experience and showcase the depth of flavor, we launched a tasting ritual in 2024 known as the "Three Sips of Mushroom Broth." The first sip is enjoyed with chopped scallions to highlight the broth's natural umami. The second is paired with coriander pork paste for a savory, aromatic balance. The third is completed with our house-made *Banu* hand-pulled noodles, offering a satisfying and memorable finish.

As our signature items, beef tripe and wild mushroom broth consistently achieved the ordering rate of approximately 80% on our menu throughout the Track Record Period. Their sustained popularity underscores the effectiveness of our product strategy and continues to reinforce customer loyalty to the *Banu* brand.

Our Adherence to Product-Centric Philosophy beyond Customer Expectations

The following diagram illustrates our twelve companion dishes.

At *Banu*, each of our items reflects the commitment to delivering on our promise to customers while driving innovation and standardization across the upstream supply chain.

- Australian Wagyu. In response to the complexity and uncertainty of the beef supply chain in the hotpot industry in 2024, we made a strategic decision to adopt Australian Wagyu as our primary beef source to ensure supply stability and food safety. In 2025, we became an officially recognized partner of the Australian Beef Association, further reinforcing customer confidence in the quality and origin of our beef products.

- "365 Days of Fresh Bamboo Shoots." To ensure the year-round availability of fresh bamboo shoots, we overcame supply chain limitations by implementing a seasonal sourcing strategy, selecting suitable production regions and bamboo varieties, and utilizing end-to-end cold-chain logistics to deliver freshness to customers across the country.

- "Monthly Fresh Vegetables." Leveraging Yunnan's year-round mild climate, we have established a stable supply of seasonal specialty vegetables throughout the year. By building a dedicated supply chain hub in Kunming and upgrading our cold-chain logistics capabilities, we have made Yunnan-grown vegetables accessible nationwide and enhanced the seasonal standard for hotpot vegetable products.

- Clean-Label Products. Signature products such as our pure sweet potato made only with sweet potatoes and water and mung bean sheet jelly made only with mung beans and water exemplify our dedication to natural, additive-free ingredients, reflecting our firm commitment to ingredient authenticity and transparency.

Each of our items reflects Banu's commitment to product-centric values. We focus on delivering high-quality, flavorful and health-conscious items through careful ingredient selection and refined preparation. In doing so, we aim to provide a dining experience that resonates with customers' expectations for natural, reliable and quality food.

Integrated Supply Chain Collaboration

We integrate upstream supply chain resources to support our product development and optimization. For key products, we have established vertically coordinated partnerships with upstream suppliers covering variety selection, cultivation, processing, and delivery. We carefully select core production regions and high-quality suppliers, and actively participate in the development of seed varieties and processing techniques to ensure product consistency and quality.

For seasonal specialty products, we adopt a regional sourcing and direct procurement model that emphasizes freshness and local characteristics. We have developed a systematic process for product development and menu management, including market research, ingredient testing, in-store pilot sales, customer feedback collection, and full-scale roll-out, enabling us to adapt quickly to changing consumer preferences while ensuring high product standards and sustained brand competitiveness.

Rural Revitalization Initiatives

We had established multiple rural revitalization and designated farming partnerships across China, mainly including: (i) the Native Spinach with Roots demonstration base in Xinxiang County, Henan Province, (ii) the Longzhu Fresh Bamboo Shoots base in Pu'er, Yunnan Province, (iii) the Panda Bamboo Shoots base in Yibin, Sichuan Province, (iv) the Shizhu Chili Pepper base in Shizhu County, Chongqing, and (v) a designated pasture program for Inner Mongolian Grass-Fed Lamb Slices, involving 100 cooperative farming households.

These initiatives have supported the standardized and scaled production of origin-sourced agricultural products, enhanced supply chain reliability, and contributed to income growth and sustainable development in rural communities.

Customer Experience Management

We are committed to a customer-centric philosophy, with a focus on ensuring both food quality and dining satisfaction as the core standards of our customer experience. To this end, we have developed a comprehensive customer journey framework that encompasses all key touchpoints, including reservation, arrival, ordering, food delivery, dining, checkout, departure, and post-meal feedback. This framework is designed by our headquarters and executed by each restaurant team.

We dynamically evaluate each restaurant's customer experience performance through standardized inspection checklists, post-meal customer feedback, and mystery shopper reviews. Based on the evaluation results, we make timely adjustments to enhance service quality and continuously improve the customer experience, thereby encouraging customers to come back for satisfactory hotpot. In the pre-dining phase, we respond promptly to reservation requests through multiple channels such as customer service hotlines, online reservation systems, and in-store front desks, and make appropriate arrangements based on the time, number of customers, and dining scenarios. Upon arrival, staff recommend signature products such as beef tripe and wild mushroom broth based on customer preferences, offer one-time items like aprons and napkins, and provide appropriate explanations on product features and serving suggestions during the meal. Our staff are trained to fulfill customer needs to ensure a pleasant and satisfying dining experience. In the post-dining phase, we continue to collect customer feedback and resolve issues promptly to maintain high satisfaction and reinforce brand goodwill. The systematic execution of our customer experience workflow, coupled with our membership benefits program, has contributed to strong customer engagement and loyalty. In 2022, 2023 and 2024 and the three months ended March 31, 2025, approximately 63.6%, 75.9%, 90.0% and 94.6% of our restaurant table visits involved at least one registered member, respectively.

Our Restaurant Network

We operate all restaurants under the self-operated model to ensure high consistency in products, services, and restaurant management. Through systematic restaurant expansion and standardized operation, we achieve continuous brand value and stable expansion. As of the Latest Practicable Date, we had 145 self-operated restaurants in 39 cities nationwide.

The following table sets forth a breakdown of number of restaurants by city tiers as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
Number of restaurants				
First-tier cities	15	24	30	30
Second-tier cities	44	57	79	81
Third and below tier cities	27	30	35	33
	86	**111**	**144**	**144**

To ensure organizational infrastructure and back-end support for restaurant expansion, we have established our restaurant network with central kitchens and strategically locate restaurants with priority within a 600-kilometer radius. We continuously leverage our "restaurant + central kitchen" integration to flexibly adjust restaurant formats and expansion strategies based on regional consumption and local customer profiles to achieve sustainable growth with quality.

Expansion Strategy

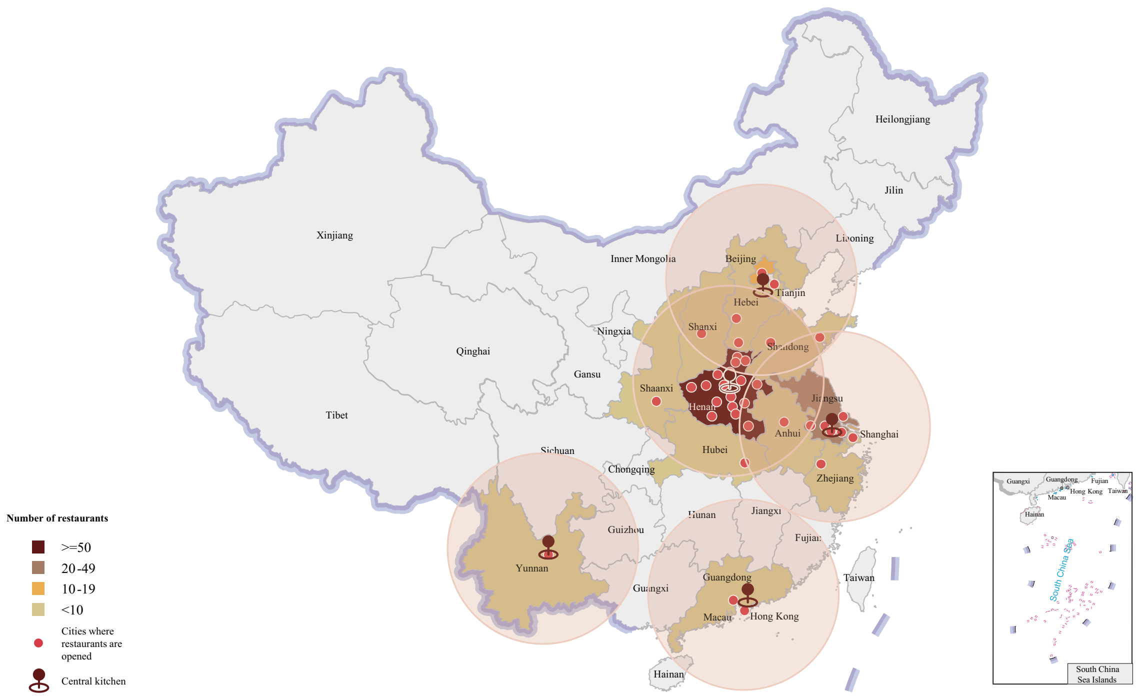
We maintain a disciplined pace of restaurant expansion, following a two-step approach of initial brand building and regional penetration. We believe regional core cities offer strong brand leverage and mature customer bases. As such, during the initial expansion phase, we prioritized cities such as Beijing, Shanghai, Shenzhen, Zhengzhou, Suzhou, Nanjing, Wuhan, and Xi'an to build brand awareness and establish operational capabilities. Once brand momentum was established, we gradually expanded into surrounding cities.

During the Track Record Period, we operated restaurants across multiple regions in China. Our presence in Central China included Henan, Hubei, and Shaanxi, while in Eastern China, we operated in Shanghai, Jiangsu, Zhejiang, and Anhui. In Northern China, our operations spanned Beijing, Tianjin, Hebei, Shanxi, and Shandong. We also had a presence in Southern China (Guangdong) and Southwest China (Yunnan). The Central China market, where our brand originated, is our most developed region with the highest restaurant density. As of the Latest Practicable Date, we operated 66 restaurants across 20 cities in Central China. We focus on Eastern China, Southern China, and Northern China for future expansion. We continue to study local consumer preferences, commercial formats, and competitive dynamics to support future expansion in these regions.

Nationally, we replicate our proven "Henan Model." With brand momentum accumulated in Henan Province, we have established an integrated process from site selection to restaurant launch and ongoing operations. As our organizational and brand capabilities continue to grow, we efficiently replicate our Henan Model in other provinces to improve regional penetration. As of March 31, 2025, there were ten provinces or municipalities in which we had established three or more restaurants. In key markets including Henan, Beijing, Shanghai, Jiangsu, Hubei, and Guangdong we had a total of 120 restaurants as of March 31, 2025, supported by a stable customer base and strong brand recognition.

We have implemented, and will continue to implement, various measures to prevent cannibalization between existing and new restaurants. Our expansion planning is based on thorough market capacity assessments, taking into account population density, consumption levels, commercial area structure, and competition. We carefully manage the pace of new openings and closely monitor restaurant expansion through a post-investment review mechanism. Where we identify pressure on restaurant performance due to excessive density or overlapping locations, we adjust expansion plans or optimize restaurant distribution to maintain the health of our restaurant network.

The following chart sets forth the geographic distribution of our nationwide restaurants as of the Latest Practicable Date.



Note: For illustrative purpose only, the map (Map Review Number (審圖號): GS(2023)2764) is presented to demonstrate our footprint in China.

Number of Restaurants and Future Expansion

In 2022, 2023 and 2024 and the three months ended March 31, 2025, we opened 11, 25, 35 and three new restaurants, respectively. As of the end of each period, our total number of restaurants was 86, 111, 144 and 144, respectively.

The following table sets forth the changes in the number of our restaurants during the Track Record Period.

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Beginning number of restaurants	83	86	111	144
Number of restaurant openings for the period	11	25	35	3
Number of restaurant closures for the period	8	0	2	3
Ending number of restaurants	86	111	144	144

During the Track Record Period, we maintained a prudent pace of restaurant expansion, while typically most of our restaurants were opened in the second half of a year. Restaurant closures during the Track Record Period were primarily due to non-operational reasons such as lease expirations or adjustments to commercial site planning. During the Track Record Period, we did not close any restaurant due to operating losses. Moreover, to standardize restaurant exit procedures and manage operational risks, we have established a comprehensive restaurant closure mechanism. The process includes project initiation, documentation review, cost settlement, site inspection, and internal approval, all of which must follow our step-by-step approval procedures. We have implemented an alert mechanism for closures involving early lease termination so that our network development and regional operation staff can coordinate alternative plans such as site relocation or lease renegotiation to ensure business continuity.

We plan to continue developing our self-operated restaurant network. In terms of geographical layout, we will increase the density of restaurants in key cities where we have already established brand momentum and expand to prefecture-level and county-level cities in the surrounding areas. We intend to open approximately 40, 50 and 60 new self-operated restaurants in 2025, 2026 and 2027, respectively. The upfront investment for each new restaurant, mainly including renovation, equipment, startup costs, and initial operational supplies, is expected to be generally no more than RMB5.0 million, with the exact amount subject to flexible adjustments based on city differences and restaurant formats. Since December 31, 2024 and up to the Latest Practicable Date, we had invested approximately RMB21.7 million in restaurants that were already opened in 2025. These investments were funded by our existing internal resources.

We intend to support our future restaurant expansion plans primarily through internal funds, operating cash flow, the [**REDACTED**] from this [**REDACTED**], and external financing arrangements when necessary. We will dynamically adjust the restaurant opening pace based on actual market conditions and operational performance to ensure quality growth with risks under control. We believe that as our restaurant network expands, market awareness and user reach of our brand will continue to increase, thereby delivering stable customer traffic growth and advantages of economies of scale for us.

Initial Breakeven Period and Investment Payback Period

Our sustainable restaurant model enables new restaurants opened during the Track Record Period and in operation as of the Latest Practicable Date to typically reach initial breakeven within approximately two to four months of opening during the Track Record Period. As a testament of our self-sustaining business model and continued expansion, all of the restaurants opened during the Track Record Period and maintained operation as of the Latest Practicable Date have achieved initial breakeven. The investment payback period for our restaurants opened during the Track Record Period and in operation as of the Latest Practicable Date was approximately 14.0 months.

Key Restaurant Operating Metrics

The following table sets forth key performance indicators for our restaurants by city-tier for the periods indicated. As demonstrated in the following table, our average spending per customer showed a slight downward trend during the Track Record Period, primarily due to our proactive efforts to reach a larger customer base mainly through adjusted product mix and expand our competitive edge in response to the market trends.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
Average spending per customer[1] (RMB)					
First-tier cities	183	179	165	176	159
Second-tier cities	150	150	141	148	138
Third and below tier cities	126	128	123	128	119
Overall	**147**	**150**	**142**	**148**	**138**
Total number of customers served ('000)					
First-tier cities	1,484	2,960	3,495	753	1,061
Second-tier cities	5,184	7,509	9,265	2,057	3,081
Third and below tier cities	3,179	3,859	4,067	1,056	1,271
Overall	**9,847**	**14,328**	**16,827**	**3,866**	**5,413**
Table turnover rate[2] (times/day)					
First-tier cities	3.9	3.6	3.6	3.2	4.1
Second-tier cities	2.9	3.0	3.1	2.9	3.6
Third and below tier cities	2.8	3.0	3.1	3.1	3.7
Overall	**3.0**	**3.1**	**3.2**	**3.0**	**3.7**
Average number of customers per day per restaurant[3]					
First-tier cities	426	389	351	336	393
Second-tier cities	399	409	388	391	429
Third and below tier cities	354	384	357	388	422
Overall	**387**	**398**	**372**	**378**	**420**
Average daily restaurant sales[4] (RMB)					
First-tier cities	77,853	69,863	57,998	59,288	62,364
Second-tier cities	59,731	61,356	54,665	58,023	59,041
Third and below tier cities	44,695	49,234	43,813	49,840	50,273
Overall	**56,903**	**59,766**	**52,667**	**56,122**	**57,688**

Notes:

(1) Calculated by dividing sales generated from customers' consumption at our restaurants during the period by total number of customers served during the period.

(2) Calculated by dividing the total number of tables served during the period by the sum of the products of the number of operating days and the table count for each of our restaurants during the period.

(3) Calculated by dividing the total number of customers served during the period by the total number of restaurant operation days for all of our restaurants during the period.

(4) Calculated by dividing the sales generated from customers' consumption at our restaurants during the period by the total number of restaurant operation days during the period.

The following table sets forth certain key indicators for our restaurants by year/period of opening for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
Average spending per customer (RMB)					
Restaurants opened before 2022	147	147	138	144	134
Restaurants opened in 2022	158	164	150	159	144
Restaurants opened in 2023	–	161	149	158	143
Restaurants opened in 2024	–	–	145	162	140
Restaurants opened in the three months ended March 31, 2025	–	–	–	–	165
Overall	**147**	**150**	**142**	**148**	**138**
Total number of customers served ('000)					
Restaurants opened before 2022	9,294	11,204	10,514	2,717	2,885
Restaurants opened in 2022	553	1,488	1,426	342	393
Restaurants opened in 2023	–	1,636	3,106	755	904
Restaurants opened in 2024	–	–	1,781	52	1,192
Restaurants opened in the three months ended March 31, 2025	–	–	–	–	39
Overall	**9,847**	**14,328**	**16,827**	**3,866**	**5,413**
Table turnover rate (times/day)					
Restaurants opened before 2022	2.9	3.0	3.0	2.9	3.4
Restaurants opened in 2022	3.5	3.5	3.5	3.2	4.0
Restaurants opened in 2023	–	3.4	3.4	3.2	4.0
Restaurants opened in 2024	–	–	3.7	3.2	4.1
Restaurants opened in the three months ended March 31, 2025	–	–	–	–	4.6
Overall	**3.0**	**3.1**	**3.2**	**3.0**	**3.7**

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
Average number of customers per day per restaurant					
Restaurants opened before 2022	385	409	391	400	449
Restaurants opened in 2022	411	371	354	342	397
Restaurants opened in 2023	–	353	340	332	402
Restaurants opened in 2024	–	–	342	334	380
Restaurants opened in the three months ended March 31, 2025	–	–	–	–	386
Overall	**387**	**398**	**372**	**378**	**420**
Average daily restaurant sales (RMB)					
Restaurants opened before 2022	56,459	60,083	53,895	57,724	59,990
Restaurants opened in 2022	64,857	60,848	53,139	54,324	57,014
Restaurants opened in 2023	–	56,948	50,600	52,269	57,545
Restaurants opened in 2024	–	–	49,597	54,164	53,086
Restaurants opened in the three months ended March 31, 2025	–	–	–	–	63,907
Overall	**56,903**	**59,766**	**52,667**	**56,122**	**57,688**

The following table sets forth the details of our same stores during the Track Record Period.

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024	2024	2025
Number of same stores[(1)]						
First-tier cities	3		12		17	
Second-tier cities	17		35		45	
Third and below tier cities	16		20		22	
Total	**36**		**67**		**84**	

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024	2024	2025
Same store sales[(2)] (RMB'000)						
First-tier cities	80,003	90,278	298,745	254,574	87,857	95,335
Second-tier cities	291,146	358,014	753,427	690,018	227,389	228,261
Third and below tier cities	191,937	242,205	349,646	317,924	96,190	96,520
Total	**563,086**	**690,497**	**1,401,818**	**1,262,516**	**411,436**	**420,116**
Same store sales growth rate (%)						
First-tier cities	12.8		(14.8)		8.5	
Second-tier cities	23.0		(8.4)		0.4	
Third and below tier cities	26.2		(9.1)		0.3	
Overall	**22.6**		**(9.9)**		**2.1**	
Same store table turnover rate[(3)] (times/day)						
First-tier cities	4.2	4.0	3.7	3.5	3.2	4.1
Second-tier cities	2.6	2.7	3.0	3.0	3.0	3.4
Third and below tier cities	2.6	2.8	3.1	3.0	3.1	3.5
Overall	**2.7**	**2.8**	**3.2**	**3.1**	**3.1**	**3.6**

Notes:

(1) Consisting of restaurants that were open for more than 300 days within a year (or more than 75 days within a quarter) under comparison, and that maintained the same number of tables during the years (or quarters) being compared.

(2) Refers to our revenue (excluding revenue from the sales of condiment products and food ingredients) at our same stores during the period indicated.

(3) Calculated by dividing the total number of tables served during the period by the sum of the products of the number of operating days and the table count for each of our same stores during the period.

Same store sales are primarily affected by table turnover rates and average spending per customer. Same store sales increased by 22.6% from 2022 to 2023, primarily due to our normalized operations and enhanced operational capabilities post-pandemic, which led to a significant recovery in customer traffic across all of our major markets. Moreover, according to Frost & Sullivan, the catering industry in China showed strong performance in 2023, which was mainly driven by a surge in consumer spending since the recovery from the pandemic. In contrast, same store sales decreased by 9.9% from 2023 to 2024, primarily due to a decrease in our average spending per customer from RMB150 in 2023 to RMB142 in 2024, as a result of our proactive efforts to reach a larger customer base mainly through adjusted product mix and expand our competitive edge in response to the market trends. Nevertheless, according to Frost & Sullivan, our same store sales performance in 2024 outperformed that of most of our peers. Same store sales increased by 2.1% from the three months ended March 31, 2024 to the same period in 2025, mainly due to an increase in our overall table turnover rate from 3.1 to 3.6, although the average spending per customer declined from RMB148 to RMB138 over the same period.

Restaurant Design and Iteration

We have established a comprehensive restaurant design and construction framework supported by internal guidelines, covering all stages from site inspection, functional layout planning, and drawing issuance to construction briefings, on-site checks, and final acceptance. Our restaurant design is aimed at creating a quiet, clean, and orderly dining environment through thoughtful lighting, partitioning, and traffic flow planning while maintaining control over cost and construction timelines. Our site selection prioritizes shopping centers and uses street-level locations as a supplement. During the Track Record Period, our restaurants typically occupied 400 square meters to 800 square meters with approximately 30 to 50 tables. The layout typically features four-person tables, complemented by a limited number of six-person tables and private dining rooms, to balance seat turnover efficiency and customer comfort.

Our restaurant design is guided by our product-centric philosophy around atmosphere, spatial efficiency, and brand image. We have gradually shifted from purely functional dining spaces to restaurant environments that highlight our core products. To support this shift, we continuously refine elements such as lighting, traffic flow, material selection, and open kitchen visibility to enhance the presentation and output of signature items. Our store design enhances customer perception of product quality, supports stable store profitability, and reinforces a consistent brand image.

- Restaurant Style Version 7.0: Version 7.0 is our current mainstream restaurant model, designed entirely around the theme of natural deliciousness. It features a primary color palette of earthy red, complemented by exposed greenery and ingredient displays to create a relaxed yet grounded atmosphere. The spatial design emphasizes visible, tangible, and experiential product interaction while maintaining efficient kitchen workflows and labor productivity. This version is widely adopted in our restaurants in Central China, Eastern China and other strategic cities.

The following diagram illustrates our current mainstream Version 7.0 restaurant design.

- Version 8.0: Starting from March 2025, we upgraded Version 7.0 to Version 8.0, which incorporates layout and design adjustments that reflect elements of family-style dining, including the use of warmer materials and more open kitchen features. This version includes updated furniture materials, expanded product display areas for core items such as wild mushroom broth and beef tripe, and a redesigned condiment station to highlight ingredient. Version 8.0 also adds visible soup preparation and raw ingredient displays to reinforce our focus on product quality. The following diagram illustrates our Version 8.0 restaurant design.

New Restaurant Development and Management

We have adopted a systematic management framework for new restaurant development to ensure efficient and quality construction. The development process includes network planning, site selection, project kickoff, project design and construction, acceptance and delivery, and opening. During construction, cross-functional collaboration is required to optimize resource allocation. Project progress is monitored through digital management tools, which improves efficiency, ensures transparency, and supports our continued growth and scalable expansion.

To ensure successful restaurant openings and profitability, we apply a site assessment framework consisting of city capacity, commercial area value, project scoring, and site-level evaluation. Each new store project is managed as an individual project with designated team members and performance targets. We have established a dedicated store investment committee as the decision-making body for site selection. A new store marketing team is also in place to support store openings. Based on the classification of the store's location (e.g., high-potential cities, key cities, or foundational cities), the marketing strategy is reviewed and executed in coordination with headquarters, development managers, store trainers, and store general managers to ensure consistency between store positioning and marketing performance during the opening period.

We have implemented several internal coordination meetings during execution, including weekly development sync-up meetings, design review meetings, and launch planning meetings. These mechanisms support end-to-end oversight from network planning, site selection, project kickoff, project design and construction, acceptance and delivery, and opening, helping us meet our targets for the number of new restaurants, profitability, and return on investment for new stores each year.

We have formulated a methodical and well-paced approach to successfully establishing our presence in new markets. For example, since 2020, we have opened four restaurants in Xi'an, all located in key commercial areas, with a measured and controlled rollout pace. Xi'an has proven to be a well-suited market due to its mature hotpot consumption culture, reasonable rent levels, and strong compatibility with our business model. In 2024, our restaurants in Xi'an achieved an average table turnover rate of 4.4, significantly higher than the national average of 3.2. The average revenue per restaurant in Xi'an was approximately RMB23.6 million in 2024.

During the Track Record Period, the average time from the design to the actual restaurant opening was approximately three months, including design review, construction and delivery, and store opening.

Lease Management

Substantially all of our restaurants operate on leased premises from third parties, for which we have entered into lease agreements with property owners. Due to our brand recognition, operating performance, and customer reputation, we often secure locations in core commercial hubs suitable for our strong customer-drawing power, such as MixC (萬象城), Joy City (大悅城) and Wanda (萬達).

Our standard lease agreements generally include the following key terms:

Lease term.	Typically ranges from five to eight years. For certain key properties, longer lease terms may be agreed upon to ensure operational stability.
Rental payments . . .	Rent is generally payable on a monthly or quarterly basis and subject to an annual escalation mechanism, depending on the property's location, lease duration, and commercial negotiation outcomes.
Rent-free period . . .	Most leases include a rent-free period to accommodate fit-out and pre-opening preparations. The length of such period varies based on store size, construction timeline, and negotiation results.
Termination	Some leases include provisions allowing us to terminate the lease upon certain conditions with advance notice, offering flexibility in response to changes in the commercial area or store performance.
Other terms	Leases typically specify the parties' rights and obligations in relation to property maintenance, taxes, permitted use, subleasing or transfer, as well as default liability, force majeure provisions, and dispute resolution mechanisms.

To ensure proper information transfer during store handovers, we treat lease agreements as core documents subject to standardized numbering and management. Lease agreements are retained by the legal or administrative department at headquarter level. Key contractual obligations, special terms, and potential risks must be confirmed by both outgoing and incoming managers to ensure information symmetry and operational continuity. This mechanism supports standardized and compliant store operations.

ORGANIZATIONAL AND TALENT DEVELOPMENT AT BANU

Our organizational and talent capabilities support high-quality growth and sustainable expansion. Our development framework is built around two core models: the "Customer-Centric" model for organizational empowerment and the "Triangle" model for talent development.

The "Customer-Centric" Model for Organizational Empowerment

This model reflects a reverse power structure: customers lead the restaurants, restaurants lead the headquarters, and the headquarters is responsible for professional support.

- Customer-led restaurants. At Banu, we define our customers as not only consumers, but also promoters and supervisors. In addition to consuming our products, customers also help shape our brand reputation through word of mouth and serve as quality monitors by providing post-meal reviews and participating in mystery diner evaluations. These inputs are incorporated into our restaurant performance assessments and drive continuous improvement in our operating standards, ensuring that customer feedback becomes a mechanism for encouraging customer interests.

- Restaurant-led headquarters. We believe that authority flows bottom-up, from customers to restaurants, and from restaurants to our headquarters. Internally, we adhere to the principle that the closer one is to the back office, the more they should serve the front line, and the higher one's position, the more they should advocate for the customer. Our restaurants rely on headquarters for ongoing support and standard-setting, and in turn, are empowered to evaluate the quality and effectiveness of that support.

- Professional headquarters. The headquarters focuses on building competitive capabilities through the development of standardized systems that directly support restaurant operations. These include six key process areas: product management, business model management, product supply, store development, restaurant operations, and brand marketing. Clear organizational structure and role design enable the effective implementation of these end-to-end processes, empowering restaurants through standardized execution.

This reversed structure, distinct from the traditional bureaucratic model, constitutes what we call the "Customer-Centric" organizational model. We believe that faithfully implementing this model — letting customers evaluate restaurants and restaurants evaluate the headquarters — continuously activates organizational vitality and drives innovation at the restaurant level.

The "Triangle" Model for Organization-Level Talent Development

This model is built around one core and three pillars.

The core of our "Triangle" model for talent development is talent selection. We define the type of talent we look for. We identify outstanding performers from within our restaurants as candidates for management roles and strategically recruit high-potential university graduates. Our selection emphasizes proactivity, ambition, and a strong sense of purpose — what we call a "hunger" for growth and contribution.

- First Pillar — Training and Processes. We believe that "people + process standardization = talent." After selecting the right people, we provide them with structured development pathways, including rigorous stage-based training and evaluation mechanisms. These ensure that employees fully master their current roles before progressing to the next stage.

- Second Pillar — Assessment and Incentives. We have implemented a contribution-based performance evaluation and compensation system. The assessment framework combines basic operational competencies (product quality, service, hygiene, food safety) with business outcomes (such as profit performance), and is reinforced by a "horse race" mechanism across cities and regions to stimulate internal competition. Restaurant general managers are compensated based on the size and complexity of their operations, with additional bonuses awarded for surpassing targets or achieving record-breaking performance.

- Third Pillar — Culture and Values. We foster alignment through shared values, which include customer-centricity, product-driven excellence, teamwork, initiative, love and responsibility, integrity, and results orientation. These values are embedded into our culture and unify employees with a shared sense of mission and long-term commitment.

We firmly believe that "there is no underperforming restaurants — only underperforming managers." As such, our talent philosophy centers on cultivating and motivating outstanding restaurant general managers. Through years of practical refinement, our "Triangle" talent model has enabled us to replicate and scale a high-quality team of restaurant general managers across our restaurant network.

BRANDING AND MARKETING STRATEGY

We are committed to making natural flavors as our brand value proposition, and continue to build brand perception around premium ingredients. We align our menu design, in-store displays, and content marketing to reinforce customer associations of *Banu* brand with concepts of premium hotpot and product-centric philosophy.

Our brand strategy emphasizes "letting the product speak for itself" in both online campaigns and offline advertising.

- Offline, we place advertisements in high-traffic areas of key commercial complexes, including building facades, main traffic zones, parking areas, and elevator lobbies. We also use in-store space to reinforce branding through ingredient displays, product information, and consistent visual design.

- Online, we promote our brand through a diversified mix of channels, centered on Xiaohongshu, Douyin, and Dazhong Dianping. We apply platform-specific strategies to enhance engagement and distribution efficiency. On Xiaohongshu, we focus on food origin stories and lifestyle-oriented content, using keywords such as "wild mushroom broth," "beef tripe," and "natural flavors" to foster a cohesive and brand-aligned stream of user-generated content. This helps us reach and engage core target customer groups who value quality and healthy lifestyles, especially among younger demographics. On Douyin, we use short videos and livestreaming to highlight product quality and ingredient preparation. Participation by our management team in live sessions further strengthens authenticity and builds customer trust, creating a more direct communication channel with our customers.

We organize and coordinate our marketing team around brand strategy, visual design, content operations, media placement, public relations, and event planning. During the Track Record Period, we maintained stable investment in brand marketing, with annual advertising and promotion expenses accounting for approximately 3.0% to 4.5% of revenue.

We believe that brand equity, customer reputation, and customer relationships are key drivers of sustainable growth. Looking ahead, we will continue to reinforce our position as a leading premium hotpot brand through a product-led strategy, content-driven engagement, and data-enabled operations.

Brand Recognition and Market Performance

Since our founding, we have focused on building a competitive brand and have received multiple industry awards across categories such as quality and public welfare. We had received 158 awards and honors as of the Latest Practicable Date. See also "— Awards and Recognition."

We consistently rank among the top restaurant brands in China according to ratings from major food review platforms. As of March 31, 2025, over 60% of our stores received five-star ratings on Dazhong Dianping. As of March 31, 2025, we ranked second nationwide in hotpot-related search on Dazhong Dianping, and have consistently remained among the top-performing hotpot brands on the same platform.

DIGITALIZATION AND DATA-DRIVEN OPERATIONS

We are committed to continuous investments in digitalization, driving process automation to better respond to evolving market competition and customer demands. Our digital initiatives aim to significantly enhance the efficiency of restaurant operations, supply chain management, financial management, and restaurant development management. By implementing comprehensive, advanced, and efficient digital tools and systems, we enhance standardization, transparency, and responsiveness throughout our operational processes. We have established dedicated digitalization teams closely aligned with each business unit, ensuring effective and systematic execution of our digital strategies.

Restaurant Operations Management

We continuously optimize digital systems related to reservations, queuing, ordering, in-service interactions, billing, invoicing, departure, and complaint handling. Through iterative improvements, we enhance customer satisfaction and support our service strategy.

We are expanding our proprietary daily wage management system, which integrates digital attendance, scheduling, and payroll functionalities. By adopting pilot programs such as daily wage reconciliation and weekly settlement, we aim to improve employee engagement, fairness, and efficiency. Our scheduling system is integrated with training systems to ensure qualified staffing and efficient personnel arrangements. Additionally, we continuously refine our training system, developing comprehensive daily, weekly, and monthly training plans to support talent growth and operational excellence.

We continuously refine our food preparation and serving processes, clearly assigning responsibilities to individuals, maintaining consistent quality, and enhancing serving efficiency, while optimizing labor costs associated with these processes.

Supply Chain Management

Driven by restaurant demand and orders, we continuously optimize our digital supply chain management system, covering planning, procurement, warehousing, production, and logistics, significantly improving supply efficiency, accuracy, and cost management.

Financial Management

We utilize an integrated financial management system to oversee cash flows. Linked directly with our restaurant operational platform, this system enables monitoring and analysis of financial and operational data, supporting precise management decisions regarding pricing and budget allocation. To minimize risks related to cash misappropriation and internal fraud, the system cross-verifies cash records with sales transactions. During the Track Record Period, we did not experience any incidents of cash misappropriation or fraud that materially adversely impacted our business, financial condition, or results of operation.

Restaurant Construction Management

We will launch an integrated digital system covering the entire lifecycle of restaurant development, from network planning, site acquisition, design, engineering, external coordination, to operational handover. This system enables comprehensive cost management, supplier oversight, repair and maintenance scheduling, and lifecycle management of facilities and equipment from procurement to disposal, effectively supporting our strategic expansion objectives.

CUSTOMER AND MEMBER SYSTEM

Our Customers

During the Track Record Period, our customers consisted primarily of (i) individuals dining at our restaurants and (ii) corporate customers in China purchasing condiment products and food ingredients from us. In 2022, 2023 and 2024 and the three months ended March 31, 2025, the number of individual customers we served at our restaurants was approximately 9.8 million, 14.3 million, 16.8 million and 5.4 million, respectively, and the number of corporate customers we served was 33, 46, 19, and eight, respectively.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, revenue from our five largest corporate customers in each period during the Track Record Period was RMB27.2 million, RMB55.2 million, RMB43.2 million and RMB9.9 million, respectively, accounting for 1.9%, 2.6%, 1.9% and 1.4% of our total revenue for the same periods, respectively. During the Track Record Period, we were no subject to any material customer concentration risk.

During the Track Record Period and up to the Latest Practicable Date, save for Beijing Tao Niang, who was one of our connected persons and who was among our top five largest corporate customers in 2023 and 2024, all of our five largest corporate customers in each period during the Track Record Period were Independent Third Parties, and none of our Directors, their close associates or any Shareholder which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company, had any interest in any of our five largest corporate customers in each period during the Track Record Period.

Our Member System

We have continuously built a stable and loyal customer base. To enhance customer experience and repurchase, we have built a comprehensive member management system. Customers can register as our members by registering their mobile phone numbers into our system after their first dining experience at our restaurants. As of March 31, 2025, our cumulative total members exceeded 12.8 million.

We enhance customer perceived value through our member benefits system, offering features such as reward points, new product tastings, and rewards point redemption of merchandises. We also encourage restaurant general managers to engage with customers through offline communities, member day event, and other interactive initiatives to enhance user activity and brand stickiness. At the same time, our customers can stay in touch with our restaurant general managers through WeCom accounts. In customer management, we have a dedicated customer experience management department, and have established a customer process system covering "reservation — arrival — ordering — dining — repurchase." Restaurants are equipped with customer experience officers, who ensure standardized and closed-loop execution of customer satisfaction management, supported by unified training and process supervision mechanisms. Through this mechanism, we effectively improved overall customer satisfaction and follow-up frequency during the Track Record Period.

We have implemented standard procedures and internal guidelines to record, review and respond to customer complaints in a timely manner. Complaints received through various channels, such as in-store feedback, official social media accounts and customer service platforms, are generally logged and assigned to designated staff for follow-up. Our restaurant teams are responsible for first-level handling, while more complex or recurring issues are escalated to the headquarters for further review and resolution. We also conduct periodic analysis of customer feedback to identify areas for service improvement and staff training. During the Track Record Period, we did not receive any material customer complaint with respect to our restaurants.

SEASONALITY

During the Track Record Period, we typically experienced stronger revenue during holiday seasons, such as the Chinese New Year, summer break, National Day holiday, and year-end periods, primarily driven by increased customer traffic and dining activities during these times. Revenue generated in each season of a year can also fluctuate for other reasons, including the timing of new product launches, and the timing of advertising and promotional activities. See "Risk Factors — Risks Relating to Our Business and Industry — Our Product Sales and Business Operation Are Subject to Seasonal Fluctuations."

PRICING STRATEGY

Our product pricing is centrally determined by our headquarters and reflects a combination of factors including cost structure, product positioning, customer preferences, and market acceptance. We adopt a value perception-oriented pricing approach, aiming to reinforce customers' understanding of price rationality by highlighting ingredient quality, sourcing traceability, processing standards, and differentiation in product presentation. This allows us to balance brand premium with customer acceptance. For example, certain specialty vegetable items are priced relatively higher but are perceived by customers as quality and trustworthy due to their natural characteristics, limited availability, and sourcing attributes. These items have become important drivers of repeat purchases. While we generally maintain consistent pricing across stores in different regions, we make moderate adjustments to account for variations in local operating costs to ensure market adaptability and competitiveness.

SUPPLY CHAIN AND PROCUREMENT

We have established a third-generation supply chain that integrates direct sourcing from origin, centralized processing at central kitchens and ingredient processing facility, and cold chain distribution. Guided by our philosophy of "chilled not frozen, natural not artificial, and same-day not overnight," this system enables full-process quality control from farm to table. Compared to traditional supply chain models, our approach significantly enhances product standardization, operational efficiency and responsiveness to demand, while maintaining transparency and traceability.

Procurement System and Management

Our procurement cover (i) food ingredients, such as beef tripe, beef, mushroom, vegetables, seafood, spices and seasonings, and (ii) consumables used in our restaurants, such as packaging materials and other consumables. A dedicated procurement team at our headquarters centrally manages supplier resources, formulates procurement strategies, and executes contracts.

We classify procurement into bulk, general, and regional categories. Key ingredients are sourced through centralized procurement under framework agreements. We maintain long-term partnerships with multiple core suppliers to mitigate supply risk. For specialty and seasonal products, we adopt a flexible regional procurement approach.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, cost of raw materials and consumables used accounted for approximately 33.8%, 33.2%, 32.1%, and 32.3% of our total revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material interruptions, shortages, delays, or disruptions in the supply of ingredients or other consumables, nor did we encounter any significant breaches or early terminations of supplier contracts that materially impacted our operations. There were no material price fluctuations during the same period.

Sources and Shelf Life of Ingredients

The source and shelf life of our major food categories are summarized as follows.

- Fresh vegetables. We primarily source fresh vegetables and mushrooms from suppliers across China, including designated partner farms. Upon delivery to our central kitchens, our staff conduct pesticide residue test reports and inspect physical attributes such as moisture level, leaf condition, color, and absence of pests or signs of spoilage. Core vegetable items are also subject to product traceability and batch control to ensure freshness and safety. The shelf life for fresh vegetables is typically two to four days from the time of delivery to our central kitchens, and they are generally processed and delivered to restaurants within this period to ensure freshness.

- Meat products. We procure meat products from both domestic suppliers in China and overseas sources such as New Zealand. These products are stored and transported under appropriate freezing conditions throughout the supply chain. Upon receipt, our central kitchen staff inspect color, smell, packaging integrity, and signs of spoilage, and verify accompanying veterinary or quarantine certificates. Once these meat products arrive at our central kitchens, our restaurants typically place orders on a daily basis, and the central kitchens fulfill the orders by the following day. These meat products are generally consumed within ten day after delivery to our restaurants.

Central Kitchen and Ingredient Processing Facility

As of the Latest Practicable Date, we operated five central kitchens located in Central China (Xinxiang, Henan), Northern China (Langfang, Hebei), Eastern China (Wuxi, Jiangsu), Southern China (Dongguan, Guangdong), and Southwest China (Kunming, Yunnan).

Our central kitchens are primarily responsible for the processing, packaging and distribution of key ingredients, which are delivered to our restaurants through a cold chain logistics system. Our central kitchens are generally equipped with low-temperature processing and cold storage capabilities, enabling standardized preparation, efficient processing, and reliable daily distribution, which together ensure product quality and operational consistency across restaurants.

The Central China central kitchen plays a key role in supporting restaurant network in the central and western regions. It enhances supply reliability, output consistency, and cost control. As one of the core nodes of our supply chain, this facility is also equipped with digital management to support our medium- to long-term restaurant network expansion and supply efficiency objectives. The Southwest China central kitchen in Kunming manages ingredient sourcing in the Yunnan region and coordinates cross-regional delivery of certain quality raw materials, such as mushrooms and vegetables, for direct supply to restaurants in other regions.

We have implemented refined functional zoning and capacity planning across our central kitchens to improve ingredient processing efficiency and cold chain throughput. For example, our Northern China central kitchen has a total floor area of approximately 6,000 square meters and is divided into storage zone, processing area, quality control laboratory, and office area. Key functional areas include production room for fresh noodles, vegetables, and marinated meats, specialized beef tripe processing area, water purification zone, cleaning and disinfection area, ambient storage, chilled raw material storage, finished goods cold storage, and frozen storage. Each functional area is equipped with dedicated equipment and operated by trained personnel to ensure standardized and efficient workflows. The storage zone includes approximately 700 cubic meters of ambient storage, approximately 200 cubic meters of chilled storage, and over 270 cubic meters of frozen storage, supporting ingredient classification and freshness management. In the processing area, the noodle production line is equipped with vacuum mixers, compression machines, automated cutting and sealing equipment, shrink wrapping machines, labeling machines, and inkjet printers. The beef tripe rehydration line includes rinsing, shaping, cooling, low-temperature and high-temperature rehydration, and a final rinse section.

Our ingredient processing facility in Chongqing (the "Chongqing Facility") occupied approximately 10,000 square meters. As an expanded and dedicated production base for ingredients, the Chongqing facility enables us to ensure continuous, stable, and quality-assured supply of soup base products. This supports consistent flavor delivery across our restaurant network and underpins our ability to scale efficiently while maintaining product standards.

The table below sets forth the maximum production capacity, actual output, and utilization rate of each central kitchen and the Chongqing Facility during the Track Record Period.

	For the year ended December 31,									For the three months ended March 31,		
	2022			2023			2024			2025		
	Maximum Production Capacity	Actual Output	Utilization Rate[1]	Maximum Production Capacity	Actual Output	Utilization Rate[1]	Maximum Production Capacity	Actual Output	Utilization Rate[1]	Maximum Production Capacity	Actual Output	Utilization Rate[1]
	(tonnes, except for percentages)											
Central Kitchens												
Central China	14,520	4,197	28.9%	14,520	5,722	39.4%	14,520	6,582	45.3%	14,520	8,700	59.9%
Northern China	1,496	873	58.4%	1,496	1,740	116.3%	6,800	1,370	20.2%	6,800	1,495	22.0%
Eastern China	2,280	1,166	51.1%	2,280	1,526	66.9%	2,280	1,658	72.7%	2,280	2,388	104.7%
Southern China	310	66	21.3%	310	223	71.9%	1,550	329	21.2%	1,550	437	28.2%
Southwestern China	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]	N/A[2]
Chongqing Facility	**7,332**	**3,654**	**49.8%**	**7,332**	**4,986**	**68.0%**	**7,332**	**4,874**	**66.5%**	**7,332**	**5,888**	**80.3%**

Notes:

(1) The utilization rate of each production facility for each period equals the actual output of such facility for the same period divided by the maximum production capacity of such facility for the same period and multiplied by 100%.

(2) Our central kitchen located in Southwest China is responsible solely for distributing local vegetables and ingredients and does not engage in any food processing or production activities.

(3) The production capacity is annualized based on the actual production capacity for the relevant periods.

Distribution and Delivery

We operate a central kitchen and daily cold chain delivery model to ensure the stable output and consistent quality. Under this model, restaurants place orders on a daily basis, which are fulfilled and delivered from our central kitchens on the following day. Our distribution system covers key geographic regions and is supported by standardized logistics procedures and reliable supplier partnerships.

Key features of our distribution network include.

- Third-Party Professional Cold Chain Services. We work with local or regional logistics providers that are qualified in cold chain transportation. These providers offer low-temperature transport capabilities and supply vehicles with multiple temperature zones to maintain optimal temperature and humidity conditions for different categories of ingredients during transit.

- Standardization and Timeliness Control. We have established strict delivery protocols and time window requirements to ensure cold chain vehicles promptly complete departure, arrival, and unloading after order placement. We use a transportation management system to monitor vehicle routes and temperature logs, ensuring that key indicators such as delivery time and food temperature are traceable and controllable.

- Delivery Radius. To ensure freshness and delivery efficiency, we prioritize our restaurant network expansion within a 600-kilometer radius of our central kitchens.

Through the above mechanisms, we have established a delivery system from our central kitchens to restaurant locations, providing strong support for consistent product quality and customer experience.

Price Management and Risk Control

To manage price volatility risks, we implement differentiated procurement strategies based on the characteristics of each ingredient. For high-volume staples, we adopt a combination of annual framework agreements and strategic inventory planning. For seasonal or region-specific ingredients, we adopt batch-based delivery to help mitigate supply risks arising from seasonal fluctuations.

Procurement pricing is managed collaboratively by multiple independent departments, each responsible for supplier entry standards, pricing approval, implementation oversight, and supplier management. This structure helps mitigate pricing volatility and reduces the risk of human intervention. Looking ahead, we plan to further promote upstream partnerships and capacity expansion for key ingredients.

FOOD SAFETY AND QUALITY CONTROL

We always regard food safety as the core foundation of hotpot catering, and we believe that our product-centric philosophy is reflected not only in taste and quality but also in the ability to ensure safety throughout the entire process. Based on this, we have established a food safety and quality control system covering the whole process of raw material procurement, processing, delivery, restaurant operations, and customer feedback.

During the Track Record Period, we did not experience any food safety incidents that had a material adverse impact on our business operations, financial performance or brand reputation. See "— Historical Food Safety-related Administrative Penalty."

Full-chain Quality Control

For raw material procurement, we strictly screen suppliers through an admission mechanism. In this regard, we collaborate with those suppliers who pass qualification reviews, on-site evaluations, and sample testing, and implement a classified and graded management system for ingredients. Upon their arrival, all raw materials undergo inspection and packaging verification by quality control team. Key ingredients undergo batch-wise testing. Raw materials that fail in the testing are rejected.

For central kitchens, we have developed standard operating procedures covering all stages including cleaning, cutting, marinating, and packaging. Quality control personnel are assigned to each of central kitchens for on-site quality control to ensure operational consistency and food process stability. All finished products are subject to spot-checking and sample retention procedures before packaging and are recorded in our system to enable targeted traceability and risk control for subsequent issues.

For delivery, we promote a daily delivery system through our own cold chain system and cooperative cold chain systems. Delivery vehicles are equipped with temperature control systems and GPS-powered positioning devices.

At the restaurant level, we have established a comprehensive food safety management system covering delivery inspection, storage control, kitchen operations and post-meal customer feedback. Standard practices include daily ingredient sampling, inspection of high-turnover items, and the use of procedural checklists. Restaurant operations are monitored and subject to unannounced audits by our headquarters evaluation team. In the event of any major food safety incident, a structured escalation and response mechanism is in place to ensure timely and effective resolution.

Third-party Cooperation and Testing

To enhance testing and management transparency, we collaborate with several third-party food testing organizations. Services provided by those organizations mainly involve routine spot-checks for core items, new product launch testing, emergency testing for risk events, food safety-related regulation consulting and other aspects. Testing covers key indicators such as microorganisms, pesticide residue, heavy metal, and illegal additives. Results of the testing are evaluated by quality control specialists of the headquarters, thereby adjusting procurement and processing standards accordingly.

Risk Grading

We adopt a tiered management system based on the risk level of ingredients. For high-risk items, we implement batch-by-batch inspection, high-frequency sampling, and a red-flag list. In the event of serious issues such as excessive microbial counts, pesticide residue limits being exceeded, or illegal additives, we immediately suspend the supplier's deliveries, activate our internal recall mechanism, and issue operational alerts to restaurants through the backend system.

Emergency Response and Traceability

We have established a nationwide emergency response plan for food safety incidents, featuring restaurant-level containment, headquarters-led investigation, traceability tracking, and incident review. This system ensures that any food safety emergency can be swiftly controlled and resolved. All products are subject to batch sampling and delivery records, enabling end-to-end traceability across the entire chain, from raw material sourcing and processing batches to distribution paths, restaurant inventory, and customer orders, thus minimizing the potential impact of food safety incidents.

Food Safety Organizational System and Staffing

We maintain a dedicated food safety and quality control team. Our central kitchens and restaurants have designated food safety staff responsible for implementing standard operating procedures and daily inspection protocols. Our food safety team at the headquarters is responsible for formulating and updating food safety standards, conducting case reviews and trend analyses, and organizing regular food safety trainings. This allows us to establish a vertically integrated food safety management framework whereby the headquarters formulate standards, central kitchens ensure process stability, and restaurants focus on execution and compliance.

Our food safety team members generally possess educational backgrounds in food-related disciplines and relevant experience in quality control, food safety management or kitchen operations. The team also works closely with other departments on supplier audits, food safety risk monitoring and the continuous refinement of internal processes, thereby supporting the safe and stable delivery of our products across the network.

Historical Food Safety-related Administrative Penalty

In September 2023, Beijing Chaoyang District Administration for Market Regulation imposed an administrative penalty on a restaurant operated under Chao Dao in relation to the sale of lamb rolls and high-calcium mutton rolls provided by a third-party supplier. These products were found to contain bovine and duck-derived ingredients in violation of the PRC Food Safety Law. The penalty decision required the Chao Dao restaurant to immediately rectify the non-compliant behavior and imposed administrative sanctions, including: (i) the confiscation of illegal gains in the amount of RMB20,096; (ii) the confiscation of raw materials used for the non-compliant products; and (iii) a fine of RMB426,964. Following the penalty, the Chao Dao restaurant promptly completed the required rectification and fully paid the administrative fine.

As part of our business exploration, Chao Dao operated with a brand positioning, target customer base, product offerings and pricing structure that were significantly different from those of *Banu*, and remained separate from *Banu* in terms of restaurant operation, procurement and supply chain management. Following the incident, the food production license of the involved manufacturer was revoked and such manufacturer, along with the relevant responsible persons of such manufacturer, was prohibited from applying for new food production license for a period of five years.

Although the administrative penalties were not related to *Banu* brand, we took the following actions at *Banu* level: (i) we proactively offered cash compensation through the involved Chao Dao restaurant to affected customers who had purchased related products upon presentation of valid proof of purchase; (ii) we closed all Chao Dao restaurants by 2024, and the company who operated the relevant Chao Dao restaurant was formally deregistered in January 2025.

We believe that the Chao Dao incident did not have any material adverse effect on our Group's business operations or financial performance, based on (i) the completion of rectification measures, full settlement of the administrative penalties, and formal closure of the case by the relevant authorities, and (ii) the advice of our PRC Legal Adviser that the likelihood of further administrative liability for the same violation is remote under the PRC Administrative Penalty Law.

OUR SUPPLIERS

During the Track Record Period, our suppliers were mainly food products and ingredients providers in China. As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had 263, 301, 346 and 247 qualified suppliers of food products and ingredients, respectively. As of March 31, 2025, we had established long-term business relationships with our five largest suppliers in each period during the Track Record Period.

In 2022, 2023 and 2024 and the three months ended March 31, 2025, purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB96.4 million, RMB158.7 million, RMB102.8 million and RMB36.5 million, respectively, accounting for 20.0%, 22.7%, 13.9% and 16.0% of our total purchases for the same periods, respectively. The following table sets forth the details of our five largest suppliers during the Track Record Period.

Year Ended December 31, 2022

Rank	Supplier	Background	Types of products purchased from suppliers	Purchase amount	Percentage of total purchase	Year of commencement of business relationship	Credit terms
				(RMB'000)			
1 . .	Supplier A	A private company based in Inner Mongolia with a registered capital of RMB11.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	32,212	6.7%	2021	30 days
2 . .	Supplier B	A private company based in Inner Mongolia with a registered capital of RMB10.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	19,460	4.0%	2022	30 days
3 . .	Supplier C	A private company based in Kunming, Yunnan Province with a registered capital of RMB1.0 million, primarily engaged in food wholesale business	Food ingredients	15,842	3.3%	2021	30 days
4 . .	Supplier D	A private company based in Tianjin with a registered capital of RMB10.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	14,786	3.1%	2021	30 days
5 . .	Supplier E	A private company based in Beihai, Guangxi Zhuang Autonomous Region with a registered capital of RMB20.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	14,068	2.9%	2021	30 days
Total.				**96,368**	**20.0%**		

Year Ended December 31, 2023

Rank	Supplier	Background	Types of products purchased from suppliers	Purchase Amount	Percentage of total purchase	Year of commencement of business relationship	Credit terms
				(RMB'000)			
1 . .	Supplier F	A private company based in Shanghai with a registered capital of RMB5.0 million, primarily engaged in food wholesale business	Food ingredients	75,439	10.8%	2022	30 days
2 . .	Supplier C	A private company based in Kunming, Yunnan Province with a registered capital of RMB1.0 million, primarily engaged in food wholesale business	Food ingredients	22,295	3.2%	2021	30 days
3 . .	Supplier A	A private company based in Inner Mongolia with a registered capital of RMB11.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	22,190	3.2%	2021	30 days
4 . .	Supplier G	A private company based in Chongqing with a registered capital of RMB5.0 million, primarily engaged in development of agricultural products	Food ingredients	19,722	2.8%	2022	30 days
5 . .	Supplier E	A private company based in Beihai, Guangxi Zhuang Autonomous Region with a registered capital of RMB20.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	19,084	2.7%	2021	30 days
Total.				**158,730**	**22.7%**		

Year Ended December 31, 2024

Rank	Supplier	Background	Types of products purchased from suppliers	Purchase Amount	Percentage of total purchase	Year of commencement of business relationship	Credit terms
				(RMB'000)			
1 . .	Supplier A	A private company based in Inner Mongolia with a registered capital of RMB11.0 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	24,350	3.3%	2021	30 days
2 . .	Supplier G	A private company based in Chongqing with a registered capital of RMB5.0 million, primarily engaged in development of agricultural products	Food ingredients	23,162	3.1%	2022	30 days
3 . .	Supplier C	A private company based in Kunming, Yunnan Province with a registered capital of RMB1.0 million, primarily engaged in food wholesale business	Food ingredients	22,055	3.0%	2021	30 days
4 . .	Supplier F	A private company based in Shanghai with a registered capital of RMB5.0 million, primarily engaged in food wholesale business	Food ingredients	16,708	2.3%	2022	30 days
5 . .	Supplier H	A private company based in Shanghai with a registered capital of RMB5.0 million, primarily engaged in food wholesale business	Food ingredients	16,487	2.2%	2024	30 days
Total.				**102,762**	**13.9%**		

Three Months Ended March 31, 2025

Rank	Supplier	Background	Types of products purchased from suppliers	Purchase Amount	Percentage of total purchase	Year of commencement of business relationship	Credit terms
				(RMB'000)			
1 . .	Supplier H	A private company based in Shanghai with a registered capital of RMB5.0 million, primarily engaged in food wholesale business	Food ingredients	11,998	5.2%	2024	30 days
2 . .	Supplier I	A private company based in Tieling, Liaoning Province with a registered capital of RMB13.3 million, primarily engaged in processing of agricultural and non-staple food	Food ingredients	7,280	3.2%	2022	30 days
3 . .	Supplier C	A private company based in Kunming, Yunnan Province with a registered capital of RMB1.0 million, primarily engaged in food wholesale business	Food ingredients	6,350	2.8%	2021	30 days
4 . .	Supplier G	A private company based in Chongqing with a registered capital of RMB5.0 million, primarily engaged in development of agricultural products	Food ingredients	5,669	2.5%	2022	30 days
5 . .	Supplier J	A private company based in Zhengzhou, Henan Province with a registered capital of RMB0.2 million, primarily engaged in food wholesale business	Food ingredients	5,229	2.3%	2023	30 days
Total.				**36,526**	**16.0%**		

During the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each period during the Track Record Period were Independent Third Parties, and none of our Directors, their close associates or any Shareholder which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company, had any interest in any of our five largest suppliers in each period during the Track Record Period.

Our Framework Agreements with Key Suppliers

We typically enter into one-year standard procurement framework agreements with key suppliers, and salient terms of such agreements are as follows:

- Quality Assurance. Suppliers are required to provide third-party inspection reports or internal quality assurance certificates to ensure the product quality meets our acceptance requirement.

- Delivery and Acceptance. The agreements specify delivery schedules and acceptance standards at restaurants or central kitchens. Fresh products must be inspected promptly upon arrival. Suppliers are required to make delivery to our designated places. We have the right to reject products that fail to meet our acceptance standards.

- Payment Terms. Payments are typically made immediately or within 30 days upon completion of the acceptance and reconciliation process.

During the Track Record Period, there were no material price fluctuations in our key raw materials, nor did we experience any material supply chain disruptions that had a significant adverse impact on our business.

Sensitivity Analysis

The following table sets out a sensitivity analysis on the impact of fluctuations in raw material and consumables prices on our results of operations during the Track Record Period. The fluctuation ranges are derived from historical volatility of our key ingredients. The analysis illustrates the hypothetical impact on our losses under different levels of increase or decrease in material costs. As multiple assumptions are involved, this sensitivity analysis is for illustrative purposes only and the actual results may differ.

Hypothetical increment or decrease of raw materials and consumables used	(10)%	(5)%	5%	10%
2022				
Raw materials and consumables used	435,662	459,866	508,272	532,476
Hypothetical increment or decrease of raw materials and consumables used	(48,407)	(24,203)	24,203	48,407
Increment or decrease of net losses for the year	36,305	18,152	(18,152)	(36,305)
2023				
Raw materials and consumables used	631,200	666,266	736,400	771,466
Hypothetical increment or decrease of raw materials and consumables used	(70,133)	(35,067)	35,067	70,133
Increment or decrease of net profits for the year	52,600	26,300	(26,300)	(52,600)
2024				
Raw materials and consumables used	666,804	703,848	777,938	814,982
Hypothetical increment or decrease of raw materials and consumables used	(74,089)	(37,045)	37,045	74,089
Increment or decrease of net profits for the year	55,567	27,784	(27,784)	(55,567)
Three months ended March 31, 2025				
Raw materials and consumables used	206,201	217,656	240,568	252,023
Hypothetical increment or decrease of raw materials and consumables used	(22,911)	(11,456)	11,456	22,911
Increment or decrease of net profits for the period	17,183	8,592	(8,592)	(17,183)

Anti-Kickback Policy

To ensure transparency in procurement and integrity in our supply chain, we have established a comprehensive anti-bribery and anti-kickback policy. We require suppliers to sign a clean conduct commitment alongside procurement agreements, undertaking not to offer any form of kickbacks, gifts, entertainment, cash, travel, personal funds or other benefits to our staff or their close associates during the course of cooperation. They are also prohibited from engaging in any activities that could compromise fair commercial practices or objectivity in cooperation.

Suppliers are required to fully disclose any actual or potential conflict of interest and take effective measures to avoid such situations. In the event of a breach of this commitment, we reserve the right to take actions including, but not limited to, suspension of cooperation, contract termination, pursuit of legal remedies, blacklisting, and referral to judicial authorities.

We encourage both staff and suppliers to report misconduct and have established an independent internal audit and supervision department to handle such reports. Suppliers are obligated to proactively report any suspected bribery or violations and cooperate with investigations by providing accurate and complete information. During the Track Record Period, we did not experience any material procurement-related integrity incidents.

Inventory Management

To ensure the freshness of ingredients and the quality of restaurant output, our restaurants strictly control inventory levels and generally do not maintain large stockpiles. We dynamically adjust stock levels based on sales data, shelf life, turnover rates, historical order patterns, and holiday demand forecasts. Key ingredients can be delivered on a daily basis. These items are processed and distributed through our cold-chain system to ensure timely delivery and optimal freshness.

Our central kitchens serve as regional hubs for ingredient processing and distribution. Each core item is subject to safety stock standards and early warning mechanisms, with inventory allocation adjusted in response to sales performance. Through a tiered inventory structure encompassing central kitchens and restaurants, we achieve a balance between inventory efficiency and output consistency.

CASH MANAGEMENT

All our restaurants support multiple forms of electronic payment, including Weixin Pay, Alipay, and bank cards. As a result, the proportion of cash payments has been maintained at a relatively low level. Approximately 2% of total customer payments was settled in cash during the Track Record Period. All restaurants are equipped with standardized POS and cashiering systems, which are integrated with our headquarters' financial system for automatic daily sales reporting, reconciliation, and cash flow monitoring.

We have adopted internal control measures to prevent cash misappropriation and/or embezzlement by our staff. Cash received at the restaurant level must be deposited into designated accounts by authorized personnel within a specified timeframe. All handovers are conducted under surveillance and documented. We have established comprehensive policies covering safe management, deposit verification, monthly audits, and daily reconciliation. In addition, any accounting discrepancies or exceptions must be reported through our OA system to headquarters.

We began to provide prepaid cards under our customer membership program since 2019. Prepaid cards are generally sold at face value and may be used across all our restaurants. Proceeds from the sale of prepaid cards are deposited into designated bank accounts and recorded under contract liabilities. Typically, the validation period of the prepaid cards are longer than three years. When the prepaid amount is used to pay for purchases, we will make real-time record for the purchase and payment amount. Remaining value in the prepaid cards represented the prepaid but not yet consumed amounts, which is refundable upon application by holders. In the three months ended March 31, 2025, approximately 1.4% of total customer payments was settled with prepaid cards. We have completed the requisite compliance procedures for our prepaid cards in accordance with local regulatory requirements, including filing or registration as applicable. We did not record any breakage revenue or forfeited income in relation to prepaid cards during the Track Record Period.

During the Track Record Period, no major cash embezzlement or asset misappropriation incidents occurred. Through institutionalized and digitized cashier management, we effectively ensure the financial compliance and capital security of our restaurants' daily operations.

DATA SECURITY AND PRIVACY MANAGEMENT

We are committed to complying with applicable PRC data protection and cybersecurity laws and regulations and to safeguarding the security and integrity of personal information processed in the course of our operations.

In connection with our operations, we collect limited personal information in relation to our offline restaurant services and online membership services. For offline operations, we may collect limited personal information from customers and supplier contacts for transaction fulfillment and service management purposes, such as names and order records. For online membership services provided through our Weixin mini program, we collect certain user information necessary to support functions such as table reservations, membership benefits, and order management. All personal data is collected with user consent and used within the scope of our disclosed purposes.

We have adopted and published privacy policies, including *Banu* Privacy Policy and *Banu* Supplier Privacy Policy, which govern the collection, use, storage, sharing and protection of personal data in accordance with applicable laws. To enhance data security and reduce risks, we have implemented technical protection measures such as encrypted data transmission, access control, data desensitization and de-identification, and routine data backup. In addition, we utilize cloud-based network security services, including firewalls, antivirus tools and intrusion detection systems. We also maintain operation logs for our systems and retain such logs for no less than six months. On the organizational and policy front, we have established and implemented a suite of internal compliance protocols, including the Data Compliance Management Policy, Personal Information Protection Impact Assessment Policy, Information Security Management Policy, Account Security Policy, and Data Asset Management Policy. These internal policies form the basis of our structured approach to personal information and cybersecurity management.

During the Track Record Period and up to the Latest Practicable Date, we had not received any third-party claim against us on the ground of infringement of the party's right to data protection as provided by any applicable laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We fully recognize the critical importance of environmental, social and governance (ESG) matters to our long-term and sustainable development. Guided by the principles of "high standards, full-chain integration, and sustainability," we are committed to embedding ESG concepts and requirements into our corporate governance framework and day-to-day operations. We closely monitor ESG-related factors that may impact our business, proactively identify associated risks and opportunities, and take comprehensive and effective measures to assess, manage and mitigate ESG-related risks.

We have established key ESG-related policies and systems covering areas such as environmental protection, resource and energy use, food safety, and labor rights protection, to ensure effective and compliant ESG practices throughout our operations.

We are committed to complying with relevant ESG reporting requirements following the [**REDACTED**], and will actively communicate our ESG practices and performance to stakeholders.

ESG Governance Structure

Under the leadership of our Board, we have established an ESG Working Group composed of department heads (or their delegates) to implement ESG initiatives and oversee information disclosure. The ESG Working Group carries out ESG tasks and promotes ESG tasks in accordance with our plan, and regularly reports to the Board on the progress of ESG work and the assessment of material issues to ensure the steady promotion and implementation of ESG-related work.

ESG Risk Management

We believe that the identification and management of environmental, social and climate-related risks are vital to our operational resilience. We have established a structured process for identifying and managing ESG risks, which requires departments to monitor environmental and social risks in the course of operations, identify potentially impactful events and corresponding risk factors, and implement appropriate response measures.

Risk Category	Risk Factors	Mitigation Measures
Food Safety and Quality Risk	Raw materials procured may contain excessive pesticide residues or be affected by weather or logistics conditions, resulting in food contamination, spoilage, or cross-contamination that could endanger customer health.	We adhere to a "quality control first" principle, strictly control food quality, and carry out hazard analysis and critical control point (HACCP) system construction; We have established acceptance standards for incoming raw materials and strictly implement raw material acceptance inspections, including testing for pesticide residues, physical and chemical analysis, and sensory inspection, to ensure food quality and safety.
Occupational Health and Safety Risk	Food processing activities involve potential hazards such as cuts, burns, and slips. Such incidents may not only harm employees but also disrupt operations.	We conduct regular hazard identification and comprehensive safety inspections, provide various types of personal protective equipment (PPE) based on job requirements. Install exhaust system and absorb oil fume in ingredient processing facility to mitigate healthy threats to operators.
Supply Chain Risk	Inconsistent supplier management capabilities may lead to quality, environmental, or food safety incidents, potentially disrupting supply and damaging our reputation.	We have implemented the Supplier Quality Management System, requiring compliance audits for supplier onboarding. Long-term contracts and diversified sourcing from multiple regions improve supply chain stability.
Food Waste Risk	Over-ordering by customers or improper inventory management may lead to food waste, adding pressure on resource usage and environmental burden.	We have developed a Bill of Materials (BOM) system and adopted a "production based on sales" strategy. We strictly control the inventory cycle for food materials and prepare materials according to actual production plans. We promote "small portions" in stores to encourage customers to reduce waste.

Risk Category	Risk Factors	Mitigation Measures
Climate and Natural Disaster Risk	Climate change may increase the probability of extreme weather events such as heavy rain and typhoons, which can affect logistics and passenger flow, leading to temporary closure of stores or supply chain disruptions.	We have disaster monitoring and early warning mechanisms and maintain agreements with multiple suppliers across regions to mitigate risks caused by localized climate events.
Environmental Pollution Risk	Untreated kitchen wastewater or improperly disposed solid waste, including food scraps and packaging, may result in environmental pollution.	We comply with environmental laws and obtain proper discharge permits. We have established waste management systems to ensure pollutants are properly treated and discharged in compliance with standards.
Customer Rights Risk .	Misleading product promotions or lack of data protection in online services may damage customer rights and lead to reputational risks.	We use standardized and legally compliant promotional language and collect only necessary personal data with user consent. Regular cybersecurity inspections are conducted to identify and resolve vulnerabilities.
Business Ethics Risk . .	Misconduct by employees or suppliers may harm our commercial interests or brand reputation.	We have put in place supervisory and audit policies, including whistleblower channels and case-by-case investigation protocols. Codes of conduct and anti-bribery training are regularly implemented to uphold corporate integrity.

Environmental Responsibility

We recognize the importance of environmental protection and comply with the Environmental Protection Law of the People's Republic of China and other applicable laws and regulations. We actively uphold the concept of sustainable development and strive to minimize our environmental impact through concrete actions, with the goal of becoming an environmentally friendly enterprise.

Environmental Management

We place great emphasis on environmental protection and have formulated and implemented a series of environmental management policies based on our business characteristics. We are committed to continuously improving our environmental management system and enhancing our performance in resource conservation and emissions reduction. We have integrated environmental protection concepts into various aspects of our daily operations.

According to our PRC Legal Adviser, (i) during the Track Record Period, we were not in violation of any national or local environmental laws and regulations that would have had a material adverse impact on our business operations; and (ii) during the Track Record Period, we had not been subject to any material penalties, claims, or legal proceedings in connection with environmental laws or regulations.

Energy Use and Greenhouse Gas Emissions

We comply with the Energy Conservation Law of the People's Republic of China and continuously improve energy efficiency through various initiatives, including optimize energy metering and use. We have adopted effective energy control measures across our supply chain, central kitchens, and restaurant operations to promote energy conservation and emissions reduction.

The energy conservation and emission reduction measures we have implemented mainly include: (i) implementing an energy metering system in central kitchens and stores, and conducting regular inspections and energy efficiency assessments, so as to promptly identify and optimize high energy-consuming equipment or abnormal operating conditions; (ii) encouraging the use of new energy electric vehicles instead of fuel-powered vehicles for transportation, thereby reducing greenhouse gas emissions; (iii) promoting a culture of energy conservation and emission reduction by cultivating employees' awareness of energy conservation and encouraging them to apply various energy-saving measures in their daily work.

The following table sets forth a breakdown of our major energy consumption during the Track Record Period.

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Total Comprehensive Energy Consumption (kilotons of standard coal)	11.8	17.0	15.6	4.4
Purchased Electricity (GWh)	61.4	85.6	83.8	22.3
Natural Gas Consumption (thousand cubic meters)	2,893.5	4,674.2	3,801.6	1,224.7
Total Greenhouse Gas Emissions (Scope 1 and Scope 2) (kilotons of CO_2 equivalent)	40.2	56.8	53.8	14.7
Direct Greenhouse Gas Emissions (Scope 1) (kilotons of CO_2 equivalent)	6.3	10.2	8.3	2.7
Indirect Greenhouse Gas Emissions (Scope 2) (kilotons of CO_2 equivalent)	33.9	46.6	45.5	12.0
Total Comprehensive Energy Consumption per Unit of Output Value (tons of standard coal/RMB million revenue)	8.2	8.1	6.8	6.2

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Greenhouse Gas Emission Intensity (tons of CO_2e/RMB million revenue)	28.0	26.9	23.3	20.7

Notes:

(1) The data above covers our headquarters office center, production facilities, central kitchens, and restaurants.

(2) With reference to the "Announcement on the 2022 Power Grid CO_2 Emission Factors" issued by the Ministry of Ecology and Environment of China in 2024, we adopt the national grid average emission factor of 0.5366 kgCO_2/kWh.

According to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol, we are also subject to "Scope 3 — Other Indirect Greenhouse Gas Emissions" arising from activities such as business travel, employee commuting, upstream and downstream transportation and distribution. These emissions result from upstream and downstream value chain activities that are controlled by other operating entities. In the future, we plan to gradually establish corresponding statistical mechanisms based on categories such as business travel, upstream and downstream transportation and distribution.

Water Resource Management

We attach great importance to water resource management, abide by relevant laws and regulations, actively measure and analyze water resource use, take a series of measures to improve water resource utilization efficiency. During the track record period, our water resource consumption is set out in the table below:

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Total Water Consumption (thousand cubic meters)	909.5	1,423.3	1,465.8	417.3
Water Intensity (cubic meters/RMB million revenue)	634.6	674.0	635.3	588.8

Note: The data above covers our headquarters office center, production facilities, central kitchen, and restaurants.

Pollutant and Waste Management

During the course of operations at our restaurants, central kitchens and other parts of our business, we generate and manage wastewater, air emissions, solid waste, and hazardous waste. We comply with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Measures for the Environmental Administration of Waste Hazardous Chemicals, the Integrated Emission Standard of Air Pollutants, the Integrated Wastewater Discharge Standard, and other relevant regulations.

To standardize the management of pollutants and waste, we have implemented internal policies such as the Laboratory Waste Management Policy and Hazardous Waste Temporary Storage Policy, to ensure effective oversight over the disposal and discharge of pollutants and waste. We take proactive measures to monitor and treat emissions, wastewater, and solid waste, and ensure that all pollutant concentrations and discharge volumes comply with regulatory requirements.

- Air Emissions Management. Our air emissions primarily originate from ingredient processing facility. We manage emissions by installing adsorption systems in rooftop ventilation systems to ensure compliance with emission standards.

- Wastewater Management. Our wastewater mainly are domestic sewage, which is directed to sewage treatment facilities for purification before discharge to ensure compliant wastewater management.

- General Solid Waste Management. General solid waste primarily consists of vegetable trimmings and other organic waste, which is collected and handled by certified third-party service providers.

- Hazardous Waste Management. Our hazardous waste mainly includes which are used for food safety testing such as diethyl ether and chloroform. To ensure safe and compliant disposal, we have formulated management policies and adopted strict measures such as prohibiting incompatible materials from being stored together, assigning dedicated managers, keeping detailed disposal records, and limiting reagent quantities during use.

- Kitchen Waste Disposal. We strictly abide by the government regulations on the kitchen waste disposal and enter into agreements with third-party service providers who possesses necessary qualifications and licenses for kitchen waste disposal. We have established the "Management Requirements for Waste Swill Business", and each restaurant designates a responsible person to collect kitchen waste grease and place it into standardized sealed collection containers. We ensure proper classification, collection, storage, handover, and multi-copy form management. We require kitchen waste suppliers to provide a multi-copy records of kitchen waste grease collection and transportation, and we ensure that the collected kitchen waste grease is handed over to qualified chemical companies such as biodiesel producers for resource utilization after processing.

Environmental Targets and Performance

We have identified key environmental performance indicators related to the business and will continue to track and review the implementation of the goals.

- Our energy and greenhouse gas emission management targets are as follows: we plan to reduce our total comprehensive energy consumption per unit of output value by 8% and our greenhouse gas emission intensity by 8% during the period from 2024 to 2028. Between 2022 and 2024, both our total comprehensive energy consumption per unit of output value (tons of standard coal per RMB million of revenue) and greenhouse gas emission intensity (tons of CO_2e per RMB million of revenue) showed a downward trend. With further optimization of our energy structure and enhancement of our energy and resource management capabilities, we expect to achieve these targets.

- We have also set water management target that aims to reduce our water intensity (cubic meters per RMB million revenue) by 8% by 2028 compared to 2024. We will continue to upgrade equipment, adopt water-saving technologies, and optimize production processes to reduce our water intensity.

Climate Change Response

Climate change may pose physical, transitional, policy, and legal risks to our operations and financial performance in the short, medium, and long term. We identify and respond to climate-related risks and opportunities and have taken proactive measures to strengthen our resilience to such risks.

Climate-Related Risks and Opportunities		Potential Impact	Mitigation Measures
Physical Risks	. Acute risks: extreme weather conditions such as typhoons, floods, cold waves, strong winds, etc; Chronic risks: rising average temperatures, rising sea levels, etc.	Extreme weather can have an impact on the flow of people, delivery services and food supply to our stores, as well as our store assets, leading to operational disruptions and wastage of ingredients and rising costs. Meanwhile, climate anomalies may lead to lower than expected production of specific ingredients or increase costs.	Develop prevention and response measures for extreme events, sign long-term agreements for key ingredients. At the same time, we cooperate with supplier from multiple regions to avoid the risk of supply interruption caused by single regional disasters, carry out dynamic inventory management, use big data to predict demand fluctuations, and flexibly adjust dishes according to resource supply situation.

Climate-Related Risks and Opportunities		Potential Impact	Mitigation Measures
Transition Risks	Carbon emissions and environmental regulations and standards gradually strict will drive catering enterprises to reduce energy consumption, control GHG emissions.	Purchasing new energy-saving equipment and developing new low-carbon technologies will lead to increased operating costs.	Actively optimize the energy management system, strengthen employees' awareness of energy conservation, implement environmental protection measures in stores, and reduce unnecessary water and electricity consumption.
	With the increasing awareness of environmental protection, consumers will pay more attention to wellness, nature, environmental protection and other environmentally friendly attributes in food selection.	Consumer demand for green products continues to grow, failing to meet consumer expectations may lead to a decrease in market share.	Actively implement the principle of sustainability in food packaging and raw material procurement, and provide environmentally friendly products. Pay attention to the transformation of consumers' sustainable concepts and accurately position their sustainable consumption needs through market research.
	With the increasing attention of stakeholder to climate change, the expectations of enterprises in climate change practice, information disclosure and stakeholder communication continue to increase.	Failure to effectively manage and respond to climate issues of concern to stakeholder in a timely manner may affect brand image and customer trust.	Continuously strengthen the identification and management of climate risk, plan and implement response plans for mitigation climate risk, communicate and exchange with stakeholder.
Opportunities – Resource Efficiency . .	The company improves its management efficiency in energy, water resources, and other aspects, reduces operating costs, and enhances its competitiveness.	Efficient resource management will reduce operating costs and increase operating income for the company.	By formulating policies and optimizing technology, efficient resource management can be achieved, thereby reducing costs.

Social Responsibility

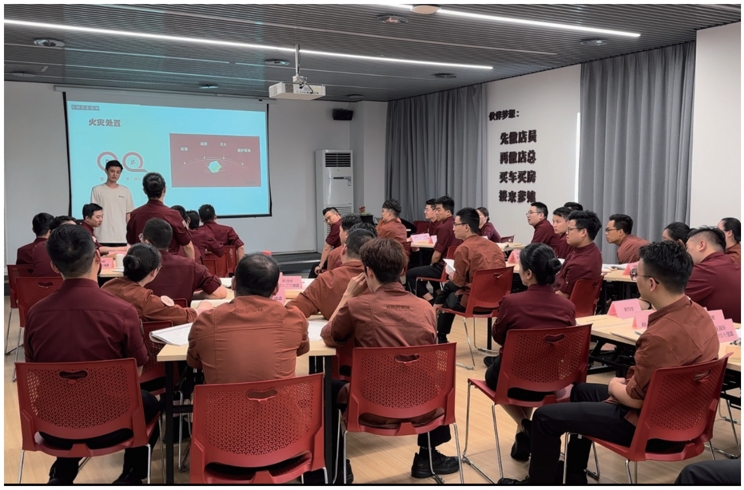
We have always believed that the healthy and sustainable development of a company is inextricably linked to its integrity, and that it is the result of the company working hand in hand with its employees, cooperating with its business partners, and sharing its strengths with the community. Therefore, we integrate social responsibility into our business operations, actively promote and practice the concept of sustainability, and strive to create value with our stakeholders.

Occupational Health and Safety

We place strong emphasis on the occupational health and safety of our employees and are committed to providing them with a safe and comfortable working environment. We comply with the Work Safety Law of the People's Republic of China, the Law on Prevention and Control of Occupational Diseases of the People's Republic of China, and other applicable laws and regulations. Internally, we have established occupational safety management systems to identify potential safety risks in work processes and implement preventive measures through standardized operating procedures, installation of safety facilities, and provision of personal protective equipment to prevent workplace injuries.

We have embedded safety management into our daily operations. We conduct regular inspections of fire extinguishers and hydrants and cooperate with qualified fire protection service providers to maintain and inspect fire alarm and suppression systems and other fire safety equipment, ensuring their effectiveness and perform regular safety checks during both regular and holiday periods.

We attach great importance to education and training on safe operating procedures and skills. The safety training we provide mainly includes: (i) promoting safety knowledge in the workplace through posters, banners and other materials; (ii) conducting safety training for new employees to explain common workplace safety risks and corresponding countermeasures; (iii) developing emergency response plans and regularly conducting safety drills, including firefighting, evacuation, first aid and other exercises, to enhance employees' emergency response capabilities.



We organize fire safety training and drills.

During the track record period, we have not experienced any major safety incidents or work-related fatalities.

Labor Rights Protection

We comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other laws and regulations that protect labor rights. We maintain a well-defined internal recruitment system, ensure fairness and transparency throughout the hiring process, and provide equal opportunities regardless of nationality, race, cultural background, age, or gender. We firmly oppose and prohibit all forms of discrimination and are committed to building a diverse workforce.

We strictly prohibit the use of child labor or forced labor in our operations. During the recruitment process, we require applicants to provide valid identity documents to verify their age and other information, and establish personnel contract files to ensure that individuals below the legal working age are not employed. If any illegal employment involving child labor is discovered, we will immediately report it to the relevant authorities and terminate the employment relationship with individuals involved, and conduct a review and rectification of the internal management processes.

We value employee feedback and have established multiple communication channels to collect employee complaints and suggestions. Since the launch of these channels, we have received feedback covering topics such as business ethics, customer service, employee rights, and supply chain management. We promptly investigate the reported issues, follow up with appropriate actions, and maintain records of the handling process and outcomes. Employees dissatisfied with the outcome may submit an appeal and dedicated personnel will provide them with ongoing support and assistance to ensure the appeal is properly resolved.

We continue to improve and strengthen the employee assistance mechanism. On April 21, 2011, we established the "*Banu* Love Mutual Aid Fund" to provide compassionate support to employees facing difficulties due to illness, sudden emergencies and other unforeseen circumstances. As of the Latest Practicable Date, the "*Banu* Love Mutual Aid Fund" has provided assistance to a total of 151 employees and families in need.

A breakdown of our total number of employees and their composition by category is set out in the table below.

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Full-time Employees	891	1,604	1,735	1,789
Male employees	509	961	1,041	1,095
Female employees	382	643	694	694
Senior management personnel	12	10	7	7
Middle management personnel	196	235	276	296
General employees	683	1,359	1,452	1,486
Ethnic minority employees	6	7	9	12
Employees with disabilities	4	8	13	19
Part-time Employees	1,069	1,111	2,664	3,168

Talent Cultivation and Growth

We provide abundant learning resources to support our employees' career development and professional growth. We have established a systematic and process-oriented training system, offering courses in operational standards, mindset development, and company culture to help employees quickly adapt to work rhythms and job responsibilities.

We offer tailored training programs based on employee roles and development stages. These programs aim to enhance employees' professional competencies, strengthen their knowledge base, and support stable restaurant operations and brand growth.

Promotion and Career Development

We are committed to a fair and transparent promotion policy, aiming to provide employees with clear and accessible career advancement pathways and to foster shared growth between our staff and us. We have established a well-defined job grading system that allows employees to choose suitable career development tracks based on business needs and individual strengths.

We have also implemented a comprehensive performance appraisal system. Performance evaluations are conducted on a monthly basis and cover multiple dimensions, including business performance, organizational management, and operational compliance. We regularly track and analyze employees' goal completion status to ensure the effectiveness of performance management.

Food Safety and Quality

We place strict controls on food safety and emphasize natural, healthy, and delicious ingredients. We follow the principle of "use chilled rather than frozen, use same-day rather than overnight, and use natural rather than synthetic ingredients," and continue to reduce the proportion of frozen food procurement. During procurement, we require that product formulations must not contain prohibited substances, particularly Chinese herbal ingredients, novel food ingredients, and Non-food additive materials.

We have developed the Supply Chain Food Safety Assessment Checklist and conduct supplier/product static risk assessments for each product to be supplied; for products with specific origin and variety requirements or seasonal centralized purchasing, suppliers are required to comply with our food safety standards and quality critical point control measures to ensure food safety and quality.

See "— Food Safety and Quality Control."

Responsible Supply Chain

Given the characteristics of our business, the quality of supply of food ingredients and the efficiency of supply are essential to our operations. We are committed to continuously strengthening supply chain management and establishing a healthy, safe and efficient supply chain to achieve sustainable business development.

Our suppliers include providers of food and ingredients as well as non-food materials. We have established long-term and stable partnerships with our major suppliers, supported by a comprehensive supply chain management system and the implementation of our supplier quality management requirements. Suppliers are required to submit product samples for testing as part of the onboarding process, and must provide supporting certification materials demonstrating compliance. They are also required to submit valid business licenses and relevant qualifications to ensure that their operations fall within permitted scopes. The information on their business licenses must be consistent with other submitted documents, with no evidence of expiration or fraud. In addition, suppliers must provide product performance testing reports and must not have been involved in any material misconduct, including violations of laws or regulations, dishonest practices, or food safety incidents, within the past two years. For suppliers engaged in food processing or in the slaughtering and processing of livestock, poultry, and aquatic products, we conduct risk-based on-site audits. Suppliers who fail to pass such audits are disqualified from entering our supplier system.

We inspect and evaluate suppliers mainly through surprise inspections and special audits. Surprise inspections are scheduled based on the risk levels of products and suppliers' historical performance, while special audits respond to quality issues, abnormal conditions in use or industry risks. All suppliers of high-risk and medium-risk products are subject to annual reviews, while all suppliers of low-risk products are reviewed on a two-year basis.

Supporting Rural Revitalization

In response to the national rural revitalization strategy, we collaborate with local governments and farmers to develop a new agricultural industry model. We establish demonstration bases for various specialty agricultural products and improve our supply chain system. Through these efforts, we contribute to the high-quality development of local specialty agriculture.

We formed a dedicated "Agricultural Support" project team to provide guidance. Our procurement and supply chain departments identify qualified agricultural products and coordinate with local governments to promote direct sourcing and customized farming.

As of the Latest Practicable Date, we had five rural revitalization demonstration bases with 4,710 mu (approximately 3.1 million square meters) of contracted farmland, covering over 2,500 farming households, and more than 110 designated livestock farms under signed agreements. These initiatives enhance supply chain resilience while driving local income and agricultural modernization.

Our rural revitalization demonstration bases include:

- Xinxiang, Henan — Native Spinach Project: 360 mu of planting base involving 120 households;

- Pu'er, Yunnan — Bamboo Shoot Project: 350 mu of planting base involving 120 households;

- Yibin, Sichuan — Panda Bamboo Shoot Project: 1,000 mu of planting base involving 1,120 households;

- Shizhu, Chongqing — Red Chili Project: 3,000 mu of planting base involving over 1,200 households;

- Xilin Gol League, Inner Mongolia — Ujumqin Sheep Project: more than 110 contracted livestock farms;

Public Welfare and Social Contributions

We believe that business success must be grounded in integrity and responsibility. We actively participate in charitable efforts, disaster relief, and support for disadvantaged groups, integrating social responsibility into our business operations. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our total donations amounted to RMB2.5 million. The public welfare and charitable projects we support mainly include:

- "Lark Project" for Hearing-Impaired Children. Initiated by our founder Mr. Du, this program provides hearing aids, cochlear implant surgeries, and therapy for children aged 0-14. Our employee volunteers participate in caring activities with children and families, offering both companionship and support.

- "*Banu* Internal Charity — Sunshine from the Heart". This internal charity program originated from our mission of building "a great hotpot brand and a great learning institution." In September 2024, a charity bazaar was added to this program, with proceeds donated to the "Lark" fund under the Henan Welfare Foundation.

- Disaster Relief. In January 2025, we donated RMB1.0 million in funds and goods to the China Foundation for Rural Development for the 6.8 magnitude earthquake in Dingri County, Xigazê, Tibet. In December 2023, we donated goods worth RMB1.0 million to earthquake relief in Jishishan County, Gansu. In July 2021, we donated RMB5.0 million to the Red Cross Society of Zhengzhou for flood relief efforts.

We send love supplies and holiday condolences to children at
Zhengzhou Kangyuan Hearing and Speech Rehabilitation Center.

Integrity and Anti-Corruption

We comply with the Anti-Unfair Competition Law of the People's Republic of China, the Company Law of the People's Republic of China, and other relevant laws and regulations, and are committed to combating unethical business conduct.

We firmly oppose corruption, bribery, and kickbacks, and uphold high standards of integrity across all operations. Our employee code of conduct sets out clear ethical requirements, including prohibitions on giving or accepting bribes, kickbacks, or engaging in improper transactions. Specific guidelines are in place governing the acceptance of gifts and the provision of client entertainment, and all employees signed an Integrity and Self-Discipline Commitment Letter.

We have established multiple anonymous reporting channels, including Weixin, telephone, email, and in-person reporting, and encourage employees, suppliers, and customers to report suspected misconduct. Whistleblowers are protected from retaliation. Employees who experience unfair or non-compliant behavior are encouraged to escalate through the following structured process:

- If the reported content involves daily management matters' employees should first report issues to their department or team leader or responsible manager.

- Where employees' issues remain unresolved by their respective center/department/process group heads or responsible management, or where there is disagreement with the resolution, they may file internal complaints.

- If employees disagree with the results of an internal investigation, they may appeal to our audit management team, which will conduct a review and follow-up on the investigation findings.

For supply chain operations, we have established anti-corruption management systems with corresponding penalty clauses for corruption incidents, management accountability, and supervisory accountability. We conduct annual anti-corruption training and integrity promotion activities for suppliers to jointly foster a clean and ethical business environment. For internal employees, we have implemented systems such as the Values Red Line, Management Code of Conduct for Cadres, and Integrity Self-Discipline Commitment Letter. For suppliers, we include anti-corruption clauses in contracts and require all suppliers to sign the Clean Cooperation Commitment. Additionally, we have established dedicated internal supervision departments or roles to conduct daily supervision of business activities and ensure employees compliance with the Company's anti-corruption policies and systems.

COMPETITION

China's hotpot market is relatively fragmented while highly competitive. According to Frost & Sullivan, the aggregate market share of top five hotpot brands was approximately 8.1% in terms of revenue in 2024. As leading brands continue to scale up their operations, strengthen their supply chain integration capabilities and enhance their brand influence, China's hotpot industry is witnessing a steady trend toward higher market concentration. According to Frost & Sullivan, China's premium hotpot market is also fragmented, where the aggregate market share of top five premium hotpot brands was approximately 9.1% in terms of revenue in 2024.

Our major competitors include national large-scale chain brands and regional brands with strong influence in specific areas. Among them, some national chain brands have established restaurant networks across China and formed diversified layouts among multiple business lines, including restaurant operations, delivery services and sales of condiment products. Several comprehensive catering groups have expanded their presence in different customer market segments through the establishment of in-house supply chain systems and multi-brand strategies. Additionally, some strong regional brands have established a solid market position in niche hotpot segments through product innovation and differentiated positioning.

According to Frost & Sullivan, we were the third largest brand in China's hotpot market in terms of revenue in 2024 with a market share of approximately 0.4% and the largest brand in China's premium hotpot market in terms of revenue in 2024 with a market share of approximately 3.1%. Built on our clear brand positioning, consistent product and service quality and efficient supply chain system, we continue to increase our market share and brand influence to maintain our competitive edge in the fiercely competitive market.

See "Industry Overview."

OUR EMPLOYEES

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had 891, 1,604, 1,735 and 1,789 full-time employees, all based in China. The following table sets forth our full-time employees by function as of March 31, 2025.

Function	Number of Full-time Employees	Percentage
Restaurant operation	1,322	75.1%
General administration	337	19.4%
Supply chain	130	5.5%
Total	**1,789**	**100.0%**

We may from time to time engage third-party human resource companies to supplement our workforce and allow for flexible allocation of personnel across different restaurants. We typically enter into one-year agreements with such human resource companies and require them to pay the salaries and the relevant insurances for the outsourced workers engaged by us. As of March 31, 2025, we had a total of 3,168 part-time employees and 6,124 outsourced workers who were engaged primarily as our restaurant staff. During the Track Record Period and up to the Latest Practicable Date, we had not identified any material non-compliance by third-party service providers in fulfilling their contractual obligations, nor were there any disqualifications or terminations of cooperation due to violations of applicable laws or regulations.

Recruitment, Retention, and Compensation

We recruit employees through public recruitment channels and internal referrals. The restaurant general managers and our human resource department are responsible for the recruitment of employees at restaurants. Our recruitment process typically includes interviews and assessments of candidates' qualifications, experience, and fitness to jobs they applied to. We are committed to providing fair and equal employment opportunities in all aspects and have established multiple internal policies and procedures to ensure the transparency and fairness of our recruitment, selection, and promotion systems.

As required by the applicable PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident funds. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes or strikes that had a material adverse impact on our business, financial condition, or operating performance. Save as disclosed in this Document, our PRC Legal Adviser believes that we had complied with applicable PRC labor laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Training and Evaluation

We provide training to management, administrative personnel and employees at restaurants. We have developed and implemented comprehensive online and offline training programs for all employees, such as onboarding training, job-specific skill training, food safety training, and management ability enhancement. We maintain detailed training and performance evaluation records for each employee to encourage their active participation in various training programs, thereby further improving the overall operational standardization and work efficiency. We believe that a systematic training system not only helps to improve employee retention rates but also provides a solid talent pool to support our future continuous expansion.

Social Insurance and Housing Provident Fund

Background

Pursuant to applicable PRC laws and regulations, we are required to make contributions to social insurance and housing provident fund schemes for our employees in China. During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions for certain employees in accordance with such requirements. The shortfall in social insurance and housing provident fund contributions amounted to approximately RMB1.6 million, RMB1.2 million, RMB0.7 million and RMB0.1 million in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

Such shortfalls primarily resulted from (i) the large and highly mobile nature of our workforce, which is common in the catering industry in China, (ii) certain employees being unwilling to contribute their portion of the payments, which would otherwise reduce their take-home pay, and (iii) certain employees prefer participation in the rural social security contribution plans in their residential places or their hometowns.

Potential Legal Consequences

According to our PRC Legal Adviser, under PRC law, (i) failure to make social insurance contributions within the statutory time limit may subject us to late payment surcharges at a rate of 0.05% per day and, if not remedied within the prescribed period, fines of one to three times the amount in arrears; and (ii) in respect of shortfalls in housing provident fund contributions, the competent authorities may order us to make up such contributions within a specified period, and may apply to a court for enforcement if we fail to comply.

As of the Latest Practicable Date, we had not been subject to any administrative penalties in relation to insufficient contributions to social insurance or housing provident fund for our employees. We had not received any material complaints or reports from employees regarding such contributions, nor had we received any notices from relevant authorities requiring us to make supplementary contributions, conduct investigations, or accept penalties.

In addition, according to the Urgent Notice on Proper Implementation of Stabilization Measures for the Collection of Social Insurance Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued by the Ministry of Human Resources and Social Security on September 21, 2018, administrative authorities are prohibited from organizing or initiating retrospective bulk collection of social insurance shortfalls without proper authorization.

Our PRC Legal Adviser has advised us that the likelihood that our PRC entities would be subject to retrospective collection of unpaid contributions or administrative penalties initiated by the competent authorities in respect of such historical shortfalls is remote, based on: (i) the fact that as of the Latest Practicable Date, none of our PRC entities had been subject to administrative penalties due to insufficient contributions to social insurance or housing provident funds, nor had they received any complaints from employees or any investigation, rectification, or payment notices from the competent authorities, (ii) the written confirmation issued by the competent social insurance and housing provident fund authorities, and (iii) the interviews with the competent local authorities. We undertake to make timely payments for the deficient amount and overdue charges as soon as requested by the competent governmental authorities.

Remedial Measures

We have adopted and plan to continue to adopt a range of internal control measures to improve compliance with social insurance and housing provident fund contribution requirements, including:

- Providing training to our human resources personnel on relevant legal obligations;

- Keeping abreast of regulatory developments in social security and housing fund policies.

In light of (i) the absence of any material disputes with employees regarding social insurance or housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date; (ii) the absence of any material administrative penalties imposed on us in this regard during the Track Record Period and up to the Latest Practicable Date; (iii) the fact that we have not received any notices from PRC authorities requiring us to make up shortfalls or pay fines during the Track Record Period and up to the Latest Practicable Date; and (iv) the lack of any disagreements with the relevant authorities during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that the historical non-compliance is unlikely to have, and will not have, a material adverse effect on our business, financial position, or compliance status.

INTELLECTUAL PROPERTY

We rely on a portfolio of intellectual property rights related to our brand, products, services, and operations to protect our proprietary rights, including trademarks, trademark applications, domain name registrations, copyrights, trade secrets, and other relevant rights. As of the Latest Practicable Date, we owned 618 registered trademarks, 43 patents, 43 domain names, and 55 copyrights in China. We also held 26 registered trademarks in overseas jurisdictions outside China.

Protection of intellectual property rights is a critical to our business development. We have established multiple internal control policies to systematically manage and mitigate risks related to our intellectual property rights. Our legal department maintains specialized ledgers for all registered trademarks and patents, regularly updates and records relevant information. Meanwhile, with the assistance from external intellectual property agencies, we continuously monitor whether there is potential infringement on our intellectual property rights. If any infringement is detected, our legal department will assess the specific circumstances and, if necessary, consult with external legal counsels to initiate litigation or take other appropriate actions. Despite the various protective measures we have implemented, we cannot completely eliminate the possibility of unauthorized third-party use of our intellectual property rights. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property rights and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties." During the Track Record Period, we did not experience any intellectual property dispute or infringement that had a material and adverse impact on our business operations or financial performance. We will continue to take proactive measures to prevent any infringements and protect our rights and interests.

INSURANCE

We mainly maintain (i) all-risk property insurance for our restaurants to protect our business from certain accidents, natural disasters and other unfortunate events, (ii) public liability insurance covering damages arising out of our business operations for all of our restaurants, including but not limited to claims of food and drink poisoning, (iii) cash insurance covering the loss of cash that may occur on premises or during transportation (including but not limited to theft, robbery and employee misconduct), and (iv) employer's liability insurance covering potential claims arising from work-related injuries or illnesses of our employees. We believe that our insurance coverage is in line with industry practice and standard business practice in China. However, our insurance coverage may not be adequate to cover all losses that may occur. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance policies may not provide adequate coverage for all claims associated with our business operations."

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, reputation, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our Board is responsible for overseeing the effectiveness of our risk management and internal control systems. We have established a comprehensive set of internal policies and procedures designed to support our operational and compliance needs. We are committed to continuously enhancing our internal control framework to ensure it remains effective and aligned with applicable legal and regulatory standards.

In preparation for the [**REDACTED**], we engaged an independent internal control consultant to conduct a review of our internal control systems. The review covered key areas including corporate governance, legal and regulatory compliance, sales and procurement, inventory and asset management, financial reporting, information technology, confidentiality and data protection, and human resources management.

Based on the review, the internal control consultant identified certain deficiencies which were neither significant deficiencies nor material weaknesses, primarily relating to areas such as policy standardization, documentation and approval procedures.

We have adopted and will continue to adopt rectification recommendations provided by the consultant, including the establishment and refinement of internal policies, implementation of improved procedures, and clarification of internal control responsibilities. Our Directors are of the view that our enhanced internal control system is adequate and effective for our current operations.

PROPERTIES

Our headquarter is located in Beijing. As of the Latest Practicable Date, we owned (i) the land use rights of two parcels in China, with an aggregate site area of approximately 36,536.0 square meters and (ii) four properties with a total gross floor area of 30,651.4 square meters. As of the same date, we also leased 163 properties with a total gross floor area of 113,481.7 square meters from third parties for operating purposes. These properties are primarily utilized for restaurant operations, central kitchens and office spaces. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of March 31, 2025, none of the properties held or leased by us has a carrying amount of 15% or more of our consolidated total assets.

Owned Properties

As of the Latest Practicable Date, we owned (i) the land use rights of two parcels in China, with an aggregate site area of approximately 36,536.0 square meters and (ii) four properties in the PRC with a total gross floor area of 30,651.4 square meters. The properties are mainly used as production facilities and office spaces. We have obtained the relevant land use right certificates and property ownership certificates for all our owned properties.

Leased Properties

As of the Latest Practicable Date, we leased 163 properties in connection with our operations in the PRC with a total gross floor area of 113,481.7 square meters from third parties, which were used for restaurant operations, central kitchens and office spaces.

The following table sets forth a breakdown of the number of leases by remaining term as of the Latest Practicable Date.

Remaining term	Number of leases
Less than one year	17
One to two years	21
Two to five years	74
Over five years	51
Total	**163**

For leases with a remaining term of less than one year, if the premises align with our restaurant network planning, we typically initiate lease renewal negotiations with the lessors when there are approximately six months remaining. This proactive approach helps secure the retention of suitable locations for our restaurants.

Lack of Valid Title Certificates

As of the Latest Practicable Date, lessors of six of our leased properties from third parties in China with an aggregate GFA of approximately 2,805.3 square meters, representing approximately 2.5% of our total leased GFA, which are all used as restaurants, had not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. Our PRC Legal Adviser is of the view that we would not be subject to any administrative penalties with respect to these properties arising from such issues, but our leases may be affected if the lessors of the leased properties do not have the requisite rights to lease the relevant properties. However, where a dispute arises on the said leases, or we suffer a loss as a result of the said leases, we have a right to request a reduction in rent or refuse to pay rent or require the lessor to indemnify such losses under the lease agreements.

Usage Defect

As of the Latest Practicable Date, the actual use of one of our leased properties from third parties with an aggregate GFA of approximately 1,600.0 square meters, representing approximately 1.4% of our total leased GFA, did not fit into the prescribed scope of usage shown on the relevant ownership certificates. Such leased properties with the prescribed scope of usage for commercial or industrial purposes were used as our restaurants.

In accordance with the relevant provisions of the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), any property whose use is altered in violation of relevant regulations may not be leased, for which any such alteration violating relevant regulations shall be ordered by the construction (real estate) administrative authority of a municipality directly under the Central Government, city or county to make corrections within a prescribed time limit, and if there is no illegal income, a fine of not more than RMB5,000 may be imposed thereon; if there is any illegal income, a fine of one to three times of the illegal income may be imposed thereon, subject to a cap of RMB30,000. Based on the above, our PRC Legal Adviser is of the view that we would not be subject to any administrative penalties, but may not be able to occupy and use such leased properties if the lease was challenged by any interested party or if the lessor was penalized by the competent government authority.

Non-registration of Lease Agreements

As of the Latest Practicable Date, we had not completed lease registration for substantially all of the properties we leased in China, primarily due to the difficulty of procuring the relevant lessors' cooperation to register their leases. As the registration of a lease agreement requires the cooperation between the lessor and lessee and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of lease agreements mentioned above. We have adopted internal policies that (i) request our employees to proactively coordinate with lessors to complete the registration for all of our lease agreements and (ii) require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures.

As advised by our PRC Legal Adviser, the risk that the abovementioned property-related issues would have a material adverse effect on our Group's business operations or financial condition is remote, in light of the following: (i) during the Track Record Period and up to the Latest Practicable Date, our Group had not received any complaints, reports, or administrative notices from competent PRC authorities, nor had it been subject to any legal proceedings, arbitration, investigation, or penalties by any such authorities in connection with the lack of valid title certificates or usage defects; (ii) our Group has not been subject to any administrative penalties in relation to the non-registration of lease agreements; (iii) our Group had not received any official notice from competent PRC authorities requiring rectification of the foregoing issues; and (iv) our Group undertakes to rectify the abovementioned non-compliance issues within the prescribed period if so requested by the competent PRC authorities.

In view of the foregoing and based on the advice of our PRC Legal Adviser, our Directors are of the view that the abovementioned issues would not have any material adverse effect on our Group's business operations or financial performance, on the grounds that: (i) to the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date, our Group had not received any complaints, reports, or administrative notices from competent authorities in connection with the leasing or usage of the relevant properties, nor had it been involved in any related legal proceedings, arbitrations, investigations, or penalties; (ii) our Group would be able to complete any required rectification within the prescribed period if requested by the competent PRC authorities; and (iii) if relocation becomes necessary, our Group would be able to secure alternative sites on comparable commercial terms and at similar costs, with immaterial relocation expenses.

AWARDS AND RECOGNITIONS

As a testament to the popular appeal of our brand and the quality of our dining experience, we have received various awards and recognitions. The following table sets forth the major awards and honors we received prior to and during the Track Record Period.

Date	Awards and recognitions	Issuing Authority
September 2024	"Red Eagle Award" Top 100 Influential Catering Brands, 2024	Red Eagle Awards of China's Catering (紅鷹獎)
September 2024	Top 100 Catering Enterprises in China, 2023	China Cuisine Association (中國烹飪協會)
May 2024	Top Ten Happiness Enterprises (Comprehensive)	The Economic Observer (經濟觀察報)
January 2024	2022-2023 Leading Catering Enterprises – Top Ten in Hotpot Sector	China Hospitality Association (中國飯店協會)
2023	Customer Favorable Brand	Meituan (美團)
December 2023	Top 100 Future Unicorn Enterprises in Consumption Industry, 2023	Blue Shark Consume (藍鯊消費)
July 2023	"Hotpot Golden Tripod Awards" – Top 20 Influential Hotpot Brands, 2023	Hotpot Canjian (火鍋餐見)
March 2023	Outstanding Contribution to Economic and Social Quality Development, 2023	Jinshui District Committee of the CPC (中共金水區委)
December 2022	Top 100 Innovative Catering Enterprises in China – Brand Innovation Award, 2022	China Catering Innovation Conference (中國餐飲創新大會)
November 2020	Model Restaurant for Quality Dining	Beijing Municipal Administration for Market Regulation (北京市場監督管理局)

We believe that these awards and honors not only reflect the excellent quality of our products and services but also enhance our brand recognition and customer loyalty. Going forward, we will continue to maintain high standards, continuously optimize our customer experience, and strive to maintain a leading position in the industry while acquiring broader recognition.

COMPLIANCE, LICENSES AND PERMITS

In accordance with the PRC Law, we are required to obtain various licenses and regulatory approvals to operate our business, such as the food business license and the Certificate or Opinion for the Fire Safety Inspection of Public Gathering Places before the Use or Commencement of the Business Operations, if required by local authorities (公眾聚集場所投入使用、營業前消防安全檢查合格證/意見書) ("Fire Safety Inspection Approval"). See "Regulatory Overview — Laws and Regulations in Relation to Fire Prevention."

As advised by our PRC Legal Adviser, as of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material for our operations in the China and such licenses, approvals and permits are valid and effective.

During the Track Record Period and up to the Latest Practicable Date, all of our restaurants in operation had obtained the necessary food business licenses in accordance with the relevant PRC Law. The expiration dates of such food business licenses range from July 19, 2025 to April 29, 2030, respectively. As of the Latest Practicable Date, neither our PRC Legal Adviser nor we have been informed of any legal impediment in renewing all material licenses, approvals and permits that have expired or are going to expire in 2025. As of the Latest Practicable Date, all of our restaurants that were in operation had obtained Fire Safety Inspection Approvals, if required.

BOARD OF DIRECTORS

Upon [**REDACTED**], the Board will consist of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. The following table provides certain information about our Directors:

The following table sets forth the key information about our Directors:

Name	Age	Position/Title	Time of joining our Group	Date of appointment as a Director	Responsibilities
Executive Directors					
Mr. Du Zhongbing (杜中兵)	[51]	Executive Director and chairman of the Board	April 2001	November 23, 2022	Responsible for formulating the overall development strategies and business plans of our Group and overseeing the strategy implementation and overall operation of our Group
Mr. Liu Changqing (劉常青)	[53]	Executive Director and vice chairman of the Board	April 2001	June 5, 2025	Responsible for overseeing the overall operations and management of our Group
Mr. Li Hao (李浩)	[40]	Executive Director and our chief executive officer	June 2021	June 5, 2025	Responsible for the strategy implementation and overall operation and management of our Group
Mr. Liu Niankang (劉年康)	[33]	Executive Director and our chief financial officer	December 2021	June 5, 2025	Responsible for overall management of finance, capital market, tax, legal departments and strategy control of our Group
Ms. Xu Chu (徐楚)	[38]	Executive Director and our chief operating officer	July 2021	June 5, 2025	Responsible for developing and executing our operational strategies and our daily operational activities
Non-executive Director					
Ms. Guo Wenying (郭文英)	[35]	Non-executive Director	June 2025	June 5, 2025	Provide management and strategic advice to our Group

Name	Age	Position/Title	Time of joining our Group	Date of appointment as a Director	Responsibilities
Independent Non-executive Directors					
Mr. Hu Xiaoming (胡曉明)	[55]	Independent non-executive Director	June 2025	[**REDACTED**]	Provide independent opinion and judgment to the Board
Dr. Zhu Rui (朱睿) . . .	[50]	Independent non-executive Director	June 2025	[**REDACTED**]	Provide independent opinion and judgment to the Board
Dr. Cheng Lin (程林). .	[48]	Independent non-executive Director	June 2025	[**REDACTED**]	Provide independent opinion and judgment to the Board

Executive Directors

Mr. Du Zhongbing (杜中兵), aged [51], is our founder, an executive Director and the chairman of our Board. Mr. Du founded our Group in 2001, and has been our Director since the Company's establishment. Mr. Du was re-designated as an executive Director and the chairman of our Board in June 2025. Mr. Du is in responsible for formulating the overall development strategies and business plans of our Group and overseeing the strategy implementation and overall operation of our Group. Mr. Du also serves as a director or general manager in certain subsidiaries of our Group.

In 2001, driven by a simple and sincere aspiration — to prepare quality hotpot for his family and friends — Mr. Du founded our Group. Guided by the entrepreneurial philosophy of "Not just a great hotpot, but a school for excellence (一個好火鍋、一所好學校)," Mr. Du has consistently upheld the core principle of "genuine ingredients, natural deliciousness (真材實料、自然美味)" and committed to creating a premium hotpot experience for customers and driving the continuous advancement of hotpot industry. In 2012, inspired by our customers' acclaim that "service is not Banu's specialty, beef tripe and wild mushroom broth are the signatures," Mr. Du strategically refocused our brand around our signature fresh beef tripe offering, and renamed our Group as "Banu Tripe Hotpot."

In 2015, Mr. Du introduced the philosophy of "product-centricism (產品主義)," emphasizing a return to the essence of dining, which quickly emerged as a new trendsetter in the catering industry, influencing peers and shaping consumer expectations. It reflects our unwavering dedication to quality and our pursuit of delivering customer experiences and value that consistently exceed expectations. Under Mr. Du's leadership, we have sourced premium hotpot ingredients from around the world, with a steadfast commitment to delivering a superior hotpot experience and advancing the continuous evolution of Chinese hotpot culture.

Mr. Liu Changqing (劉常青), aged [53], joined us in April 2001, and was appointed as our executive Director and vice chairman of the Board in June 2025. Mr. Liu is responsible for overseeing the overall operations and management of our Group.

In the early stages of our entrepreneurial journey, together with Mr. Du, Mr. Liu laid a solid foundation for the development of our Group. Mr. Liu has served as a director, supervisor or general manager in certain subsidiaries of our Group, which contributes to our supply chain management and external affairs.

Mr. Li Hao (李浩), aged [40], was appointed as our executive Director and chief executive officer in June 2025. Mr. Li joined our Group in June 2021 as the chief executive officer of Banu Hotpot, a major subsidiary of our Group. Mr. Li is responsible for the strategy implementation and overall operation and management of our Group. Mr. Li also serves as a director or general manager in certain subsidiaries of our Company.

Mr. Li has over 15 years of experience in corporate governance and the supply chain business. Prior to joining our Group, Mr. Li served as a vice president of Deppon Logistics Co., Ltd. (德邦物流股份有限公司), which is listed on the Shanghai Stock Exchange (stock code: 603056.SH), from July 2009 to June 2021.

Mr. Li obtained a bachelor's degree from Lanzhou University of Technology (蘭州理工大學) in the PRC in July 2009, majoring in civil engineering.

Mr. Liu Niankang (劉年康), aged [33], joined our Group in December 2021 as our vice president and chief financial officer and was appointed as our executive Director and chief financial officer in June 2025. Mr. Liu is responsible for overall management of finance, capital market, tax, legal departments and strategy control of our Group.

Mr. Liu has over ten years of experience in finance, investment and corporate governance. Prior to joining our Group, from May 2014 to August 2017, Mr. Li worked at JD Capital Co., Ltd.* (昆吾九鼎投資管理有限公司), a subsidiary of Kunwu Jiuding Investment Holdings Co., Ltd.* (昆吾九鼎投資控股股份有限公司), which is listed on the Shanghai Stock Exchange (stock code: 600053.SH), as the managing director of consumer products industry investments department. From August 2017 to December 2021, Mr. Liu worked at Beijing Gaosibole Education Technology Co.Ltd.* (北京高思博樂教育科技股份有限公司), which was previously listed on the National Equities Exchange and Quotations (stock code: 870155.NEEQ) and delisted in July 2018, as its vice president and board secretary.

Mr. Liu obtained his bachelor of management, majoring in business administration in July 2013 and master's degree in finance in July 2015, both from Chongqing University (重慶大學) in the PRC.

Ms. Xu Chu (徐楚), aged [38], joined our Group in July 2021 and was appointed as our executive Director and chief operating officer in June 2025. Ms. Xu joined our Group in July 2021 as the deputy general manager of Banu Hotpot, and was subsequently promoted to the chief operating officer of our Group in January 2024. Ms. Xu is responsible for developing and executing our operational strategies and the daily operational activities of the Group.

Ms. Xu has over 15 years of experience in business operation. Prior to joining our Group, from June 2008 to October 2012 and from November 2013 to August 2015, Ms. Xu served as a senior consultant and a partner in Beijing H&J Consulting Co., Ltd.* (北京和君諮詢有限公司), respectively. From October 2012 to November 2013, Ms. Xu was a human resources director of Kidsmile International Trade (Beijing) Co. Ltd.* (小鬼當佳國際貿易(北京)有限公司). From August 2015 to July 2021, Ms. Xu served as the vice general manager of Sansheng Intellectual Education Technology Co., Ltd.* (三盛智慧教育科技股份有限公司), which was listed on the Shenzhen Stock Exchange (stock code: 300282.SZ) and delisted in July 2024.

Ms. Xu obtained a bachelor's degree in labor and social security from Renmin University of China (中國人民大學) in the PRC in June 2008.

Non-executive Director

Ms. Guo Wenying (郭文英), aged [35], joined our Group in June 2025 as our non-executive Director and responsible for providing management and strategic advice to our Group.

Ms. Guo has years of experience in finance and investment practices. Previously, Ms. Guo worked at BDO Shu Lun Pan Certified Public Accountants LLP Beijing Branch (立信會計師事務所(特殊普通合夥)北京分所). From November 2017 to March 2021, Ms. Guo worked for Harvest Capital Co. Ltd.* (加華資本管理股份有限公司) as a vice president. In March 2021, Ms. Guo joined Tomato Capital, and has served as its post-investment director since then. For more details about Tomato Capital, please refer to "History, Reorganization and Corporate Structure — Information about our [**REDACTED**] Investors" in this Document.

Ms. Guo obtained her bachelor's degree in in statistics from Inner Mongolia University of Finance and Economics (內蒙古財經大學) in the PRC in July 2012. Ms. Guo became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in March 2018.

Independent Non-executive Directors

Mr. Hu Xiaoming (胡曉明), aged [55], was appointed as our independent non-executive Director in June 2025, effective upon [**REDACTED**]. Mr. Hu is responsible for providing independent opinion and judgment to our Board.

Mr. Hu has extensive experience in corporate management. Mr. Hu has served as the chairman of Yimiba Agriculture Technology Co., Ltd.* (一米八農業科技集團) since July 2023. Also, Mr. Hu has served as an honored consultant of Alibaba Group (阿里巴巴集團), a company dual listed on the New York Stock Exchange (stock code: BABA.NYSE) and the Stock Exchange (stock code: 9988.HK), since July 2022.

Previously, Mr. Hu served for Alibaba Group (阿里巴巴集團) and Ant Group Co. Ltd. (螞蟻科技集團股份有限公司), including theirs affiliates, for more than 17 years. During this period, Mr. Hu served in multiple key management positions. From November 2014 to November 2018, Mr. Hu worked as the president of Alibaba Cloud Computing Ltd. (阿里雲計算有限公司), a subsidiary of Alibaba Group (阿里巴巴集團). From November 2018 to April 2021, Mr. Hu served for Ant Group Co. Ltd. (螞蟻科技集團股份有限公司) with his last position being the chief executive officer. From April 2021 to July 2022, Mr. Hu served for Alibaba Group (阿里巴巴集團) as a senior vice president and the president of public welfare department.

Mr. Hu previously held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
November 2013 to August 2020.	ZhongAn Online Property & Casualty Insurance Company Limited (眾安在線財產保險股份有限公司)	Stock Exchange, stock code: 6060.HK	Non-executive director
October 2014 to February 2016 .	Hundsun Technologies Inc. (恒生電子股份有限公司)	Shanghai Stock Exchange, stock code: 600570.SH	Director
April 2016 to March 2017 . . .	Zhejiang Daily Digital Culture Group Co., Ltd. (浙報數字文化集團股份有限公司)	Shanghai Stock Exchange, stock code: 600633.SH	Independent director
February 2018 to July 2019	China United Network Communications Limited (中國聯合網絡通信股份有限公司)	Shanghai Stock Exchange, stock code: 600050.SH	Director
June 2017 to April 2019	Huashu Media Holdings Co., Ltd. (華數傳媒控股股份有限公司)	Shenzhen Stock Exchange, stock code: 000156.SZ	Director
January 2017 to June 2019.	Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司)	Stock Exchange, stock code: 1297.HK	Non-executive director

Mr. Hu graduated from Zhejiang University (浙江大學) in June 2002 in the PRC, majoring in finance through correspondence education. He further pursued his studies at China Europe International Business School (中歐國際工商學院) in the PRC, where he earned a master's degree in business administration in September 2010.

Dr. Zhu Rui (朱睿), aged [50], was appointed as our independent non-executive Director in June 2025, effective upon [**REDACTED**]. Dr. Zhu is responsible for providing independent opinion and judgment to our Board.

Dr. Zhu has extensive knowledge in branding, consumer behavior, consumer information processing and psychology and corporate social responsibility. Since August 2013, Dr. Zhu has served as a professor of marketing at Cheung Kong Graduate School of Business (長江商學院) and a director of the Social Innovation Centre of Cheung Kong Graduate School of Business* (長江商學院社會創新中心). Previously, Dr. Zhu has delivered lectures in marketing across various universities. From July 2003 to June 2005, Dr. Zhu worked as an assistant professor of marketing at Rice University in the United States. From July 2005 to June 2013, Dr. Zhu worked as a professor of marketing at the University of British Columbia in Canada.

Dr. Zhu holds the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
Since April 2021 . .	Jiumaojiu International Holdings Limited (九毛九國際控股有限公司)	Stock Exchange, stock code: 9922.HK	Independent non-executive director
Since May 2022. . .	ATRenew Inc. (萬物新生公司)	New York Stock Exchange, stock code: RERE.NYSE	Independent director
Since March 2023 .	Yankuang Energy Group Co., Ltd. (兗礦能源集團股份有限公司)	Stock Exchange, stock code: 1171.HK Shanghai Stock Exchange, stock code: 600188.SH	Independent non-executive director

Dr. Zhu obtained a bachelor's degree in international trade from University of International Business and Economics (對外經濟貿易大學) in the PRC in June 1997. Dr. Zhu then obtained her doctorate in business management with a minor in psychology from the University of Minnesota in the United States in 2003.

Dr. Cheng Lin (程林), aged [48], was appointed as our independent non-executive Director in June 2025, effective upon [**REDACTED**]. Dr. Cheng is responsible for providing independent opinion and judgment to our Board.

Dr. Cheng has extensive knowledge and experience in research and teaching of accounting. Since February 2021, Dr. Cheng served as a professor of accounting at China Europe International Business School (中歐國際工商學院) and the head of the department of finance and accounting. Previously, from August 2012 to April 2022, he taught at the Eller College of Management of University of Arizona in the United States, where he was an associate professor of accounting with tenure.

Dr. Cheng previously held/holds the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position
February 2022 to May 2024	Nanjing Sunlord Electronics Corp Ltd (南京商絡電子股份有限公司)	Shenzhen Stock Exchange, stock code: 300975.SZ	Independent director, member of the audit committee
March 2023 to June 2024	Glodon Company Limited (廣聯達科技股份有限公司)	Shenzhen Stock Exchange, stock code: 002410.SZ	Independent director, member of the audit committee
Since August 2022	Shanghai Baosight Software Co., Ltd. (上海寶信軟件股份有限公司)	Shanghai Stock Exchange, stock code: 600845.SH	Independent director, member of the audit committee
Since June 2023	Shanggong Shenbei (Group) Co., Ltd. (上工申貝(集團)股份有限公司)	Shanghai Stock Exchange, stock code: 600843.SH	Independent director, member of the audit committee
Since June 2024	Shanghai Huayi Group Co., Ltd. (上海華誼集團股份有限公司)	Shanghai Stock Exchange, stock code: 600623.SH	Independent director, member of the audit committee

Dr. Cheng obtained a bachelor's degree in accounting from York University in Canada in June 2006. Dr. Cheng obtained his master's degree in accounting and doctorate degree in accounting and management information systems from Ohio State University in the United States in August 2007 and August 2012, respectively.

Dr. Cheng has been and remains responsible for the following areas in his capacity as an associate professor of accounting and an independent director and member of the audit committee of listed companies, through which he has gained the financial management expertise required under Rule 3.10(2) of the Listing Rules:

- lecturing on and teaching accounting, auditing and financial management related courses accounting at China Europe International Business School (中歐國際工商學院) and the head of the department of finance and accounting; and

- acting as a member of the audit committees of several listed companies in the preparation of their financial statements, valuation analysis, participation in pricing and negotiation of transaction terms, preparation of offer document disclosures and other related financial documents.

SENIOR MANAGEMENT

The following table sets forth the key information about our senior management.

Name	Age	Position/Title	Time of joining our Group	Date of appointment as our management	Responsibilities
Mr. Du Zhongbing (杜中兵)	[51]	Executive Director and chairman of the Board	April 2001	April 2001	Responsible for formulating the overall development strategies and business plans of our Group and overseeing the strategy implementation and overall operation of our Group
Mr. Liu Changqing (劉常青)	[53]	Executive Director and vice chairman of the Board	April 2001	April 2001	Responsible for overseeing the overall operations and management of our Group
Mr. Li Hao (李浩)	[40]	Executive Director and chief executive officer	June 2021	June 2021	Responsible for the strategy implementation and overall operation and management of our Group
Mr. Liu Niankang (劉年康)	[33]	Executive Director and chief financial officer	December 2021	December 2021	Responsible for overall management of finance, capital market, tax, legal departments and strategy control of our Group
Ms. Xu Chu (徐楚)	[38]	Executive Director and chief operating officer	July 2021	July 2021	Responsible for developing and executing our operational strategies and our daily operational activities

See "— Board of Directors — Executive Directors" above.

GENERAL

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirmed that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 5, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the proposed independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

JOINT COMPANY SECRETARIES

Ms. Hu Lina (胡莉娜) joined our Group in January 2023 as the director of financial management department of Banu Hotpot, and has served as head of business management strategy department of Banu Hotpot since January 2025. In June 2025, Ms. Hu was appointed as our Board secretary and a joint company secretary.

Ms. Hu has more than 15 years of experience in finance and management. From December 2007 to January 2018, Ms. Hu worked at Rise (Tianjin) Education Information Consulting Co., Ltd.* (瑞思(天津)教育信息諮詢有限公司) as a financial director. During March 2018 to May 2021, Ms. Hu worked at Beijing Jingdong Century Trade Co., Ltd.* (北京京東世紀貿易有限公司), a wholly-owned subsidiary of JD.com, Inc., which is listed on the Stock Exchange (stock code: 9618.HK). From May 2021 to July 2022, Ms. Hu served as a financial director of Beijing Branch, Qingdao Missfresh E-commerce Co., Ltd.* (青島每日優鮮電子商務有限公司), a subsidiary of Missfresh Ltd, which was formerly listed on NASDAQ (stock ticker: MF.NASDAQ) and delisted in November 2023.

Ms. Hu obtained her bachelor's and master's degree in accounting from Guilin University of Technology (桂林理工大學) and Tsinghua University (清華大學) in June 2003 and June 2021, respectively.

Ms. Fong Christine Haiman (方希琳), was appointed as a joint company secretary of our Company in June 2025. Ms. Fong is currently a manager of company secretarial services of Tricor Services Limited, a member of Vistra Group and an integrated provider offering business, corporate and investor services. She has over eight years of experience in the corporate services field and has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies.

Ms. Fong is a Chartered Secretary, a Chartered Governance Professional and an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in United Kingdom.

Ms. Fong obtained a bachelor's degree in law from Queensland University of Technology in Australia in December 2016 and a master's degree in corporate governance from the Hong Kong Polytechnic University in September 2022.

BOARD COMMITTEES

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Cheng Lin, Mr. Hu Xiaoming and Dr. Zhu Rui. Dr. Cheng Lin has the appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. Dr. Cheng Lin serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Zhu Rui, Dr. Cheng Lin and Mr. Du. Dr. Zhu Rui serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- monitoring the implementation of remuneration system of our Company;
- making recommendations on the remuneration packages of our Directors and senior management; and
- dealing with other matters that are authorized by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Du, Dr. Zhu Rui and Dr. Cheng Lin. Mr. Du serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;
- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board to complement the Company's corporate strategy;
- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;
- assess the independence of independent non-executive Directors;
- supporting our Company's regular evaluation of our Board's performance; and
- dealing with other matters that are authorized by our Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB9.6 million, RMB13.0 million, RMB17.6 million and RMB2.9 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2025 to be approximately RMB13.3 million.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to approximately RMB1.39 million, RMB1.35 million, RMB2.00 million and RMB0.37 million for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Notes 8 and 9 of the Accountants' Report set out in Appendix I to this Document. For the details of the share incentives that were granted to our Directors and senior management, see "Statutory and General Information — D. Pre-[**REDACTED**] Share Incentive Schemes" in Appendix IV to this Document for further details.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of [**REDACTED**] Issuers as set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we [have] adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. We aim to maintain at least one female representation in the Board and the current composition of the Board satisfies this target gender ratio. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws.

Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Du and Ms. Han, being spouses, were able to control approximately 83.38% of the voting rights in our Company in total, through (i) D&H (BVI) LTD holding 75.26% of the issued Share capital of our Company; and (ii) BANU UNITED LTD holding 8.11% of the issued Share capital of our Company.

D&H (BVI) LTD is held by (a) DU HAN LTD as to 10%, which is held by Mr. Du and Ms. Han as to 90% and 10%; and (b) AYCF Concentric LTD. as to 90%, which is ultimately wholly controlled by a trust in which Mr. Du is the settlor, with his family members as the beneficiaries. In addition, Mr. Du, as the sole director of BANU UNITED LTD, manages the affairs and controls the voting rights of the Shares held by BANU UNITED LTD. Accordingly, Mr. Du and Ms. Han, D&H (BVI) LTD, DU HAN LTD, AYCF Concentric LTD., and BANU UNITED LTD, form a group of Controlling Shareholders of our Company.

Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme), our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as a group of Controlling Shareholders (as defined under the Listing Rules) of our Company.

RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders has confirmed that he or she or it or his or her or its respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [**REDACTED**].

Management Independence

We are able to carry on our business independently from our Controlling Shareholders from a management perspective. Our Board consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors.

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, see "Directors and Senior Management";

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "Directors and Senior Management — Corporate Governance."

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders and their close associates after the [**REDACTED**].

Operational Independence

We do not rely on our Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We have sufficient capital to operate our business independently, and have adequate internal resources and working capital to support our daily operations. We do not expect to rely on our Controlling Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [**REDACTED**] from the [**REDACTED**].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by or granted to our Controlling Shareholders or their respective associates.

Based on the above, our Directors believe that we do not place undue reliance on our Controlling Shareholders upon the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Controlling Shareholders:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Group has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held as of the Latest Practicable Date before the completion of the [REDACTED]		Shares held immediately following the completion of the [REDACTED] and the [REDACTED]	
Substantial shareholder	**Capacity/Nature of Interest(1)**	**Number**	**Approximate Percentage**	**Number**	**Approximate Percentage**
Mr. Du	Interest in controlled corporations, interest of spouse and beneficiary of a trust(2)	49,996,110	83.38%	[**REDACTED**]	[**REDACTED**]%
	Interest in controlled corporation(3)	1,825,440	3.04%	[**REDACTED**]	[**REDACTED**]%
Ms. Han	Interest of spouse and beneficiary of a trust(2)	49,996,110	83.38%	[**REDACTED**]	[**REDACTED**]%
	Interest in controlled corporation(3)	1,825,440	3.04%	[**REDACTED**]	[**REDACTED**]%
D&H (BVI) LTD(2)	Beneficial owner	45,130,747	75.26%	[**REDACTED**]	[**REDACTED**]%
AYCF Concentric LTD.(2)	Interest in controlled corporation	45,130,747	75.26%	[**REDACTED**]	[**REDACTED**]%
BANU UNITED LTD(2)	Beneficial owner	4,865,363	8.11%	[**REDACTED**]	[**REDACTED**]%
Beijing Tomato Private Equity Fund Management Co., Ltd.* (北京番茄私募基金管理有限公司)(3)	Interest in controlled corporations	4,768,334	7.95%	[**REDACTED**]	[**REDACTED**]%
Qing Yong(3)	Interest in controlled corporations	4,768,334	7.95%	[**REDACTED**]	[**REDACTED**]%
Gao Defu(3)(4)	Interest in controlled corporations	4,301,478	7.17%	[**REDACTED**]	[**REDACTED**]%

Notes:

(1) All interests stated are long positions.

(2) D&H (BVI) LTD is held by (a) DU HAN LTD as to 10%, which is held by Mr. Du and Ms. Han as to 90% and 10%, and (b) AYCF Concentric LTD. as to 90% which is ultimately wholly controlled by a trust in which Mr. Du is the settlor, with his family members as the beneficiaries. In addition, Mr. Du as the

sole director of BANU UNITED LTD manages the affairs of, and controls the voting rights of the Shares held by BANU UNITED LTD. By virtue of SFO, Mr. Du and Ms. Han is deemed to be interested in the Shares held by D&H (BVI) LTD and BANU UNITED LTD.

BANU UNITED LTD is wholly owned by Hangzhou Bashi. The general partner of Hangzhou Bashi is Zhengzhou Xingshenghe, which is held by Mr. Du and Ms. Han as to 80% and 20%, respectively, holding approximately 0.01% partnership interest therein. The sole limited partner of Hangzhou Bashi is Henan Bashi Gongchuang, holding approximately 99.99% partnership therein. The partners of Henan Bashi Gongchuang include (a) Zhengzhou Xingshenghe as the general partner, holding approximately 0.71% partnership interests therein, and (b) Mr. Du, holding approximately 35.89% partnership interests therein. As such, each of Hangzhou Bashi, Henan Bashi Gongchuang, Zhengzhou Xingshenghe is deemed to be interested in the Shares held by BANU UNITED LTD under the SFO.

(3) Tomato No. 2 is a wholly-owned subsidiary of Tomato No. 2 Partnership. As of the Latest Practicable Date, the partners of Tomato No. 2 Partnership included (a) Tomato Capital, as the general partner, holding 0.32% partnership interests, (b) Mr. Du, as a limited partner holding 42.11% partnership interest, (c) Shenzhen Shengding Enterprise Investment Co., Ltd.* (深圳勝鼎創業投資有限公司), which is controlled by Ms. Han as to 90%, as a limited partner, holding 31.26% partnership interest therein, and (d) an Independent Third Party, holding 26.32% partnership interest therein.

Tomato No. 5 is a wholly-owned subsidiary of Tomato No. 5 Partnership. Tomato No. 5 Partnership is held as to 0.07% partnership interest by Tomato Capital as the general partner, and 83.35% partnership interest by Gao Defu, as a limited partner.

Tomato No. 6 is a wholly-owned subsidiary of Tomato No. 6 Partnership. Tomato No. 6 Partnership is held as to 0.18% partnership interest by Tomato Capital as the general partner, and none of the limited partners of which holds more the one third partnership interest therein.

Tomato Capital is held as to 99% by Mr. Qing Yong. Therefore, (a) each of Tomato Capital and Mr. Qing Yong is deemed to be interested in the Shares held by Tomato No. 2, Tomato No. 5 and Tomato No. 6; (b) each of Mr. Du and Ms. Han is deemed to be interested in the Shares held by Tomato No. 2; and (c) Gao Defu, an experienced investor, is deemed to be interested in the Shares held by Tomato No. 5 under the SFO.

(4) As of the Latest Practicable Date, GYH L Limited was ultimately wholly owned by Gao Defu. As such, Gao Defu is deemed to be interested in the Shares held by GYH L Limited under the SFO.

Save as disclosed above and the section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders" in Appendix IV to this Document, our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme, have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company or other members of the Group.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the [**REDACTED**] and without taking into account of any Shares that may be issued under the Share Option Scheme.

As at the Latest Practicable Date, our authorized share capital was US$50,000 divided into (i) 494,748,088 ordinary Shares of par value US$0.0001 each, (ii) 1,825,440 Series Angel-1 Preferred Shares of par value US$0.0001 each, (iii) 1,613,054 Series Angel-2 Preferred Shares of par value US$0.0001 each, and (iv) 1,813,418 Series A Preferred Shares of par value US$0.0001 each.

As at the Latest Practicable Date, our issued share capital consisted of (i) 55,195,363 ordinary Shares, (ii) 1,825,440 Series Angel-1 Preferred Shares, (iii) 1,613,054 Series Angel-2 Preferred Shares, and (iv) 1,329,840 Series A Preferred Shares.

Immediately prior to the [**REDACTED**], each Share in our then share capital will be [**REDACTED**] into [**REDACTED**] of the corresponding class with nominal value of US$[**REDACTED**], and each of the Preferred Shares will be automatically converted into ordinary Shares on a one-to-one basis by way of re-designation and re-classification. As a consequence of the [**REDACTED**] and re-designation, immediately prior to the completion of the [**REDACTED**], the authorized share capital of the Company will be US$50,000 divided into [**REDACTED**] Shares.

Assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme, the share capital of our Company immediately after the [**REDACTED**] (taking into account the [**REDACTED**]) will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	*(%)*
Shares in issue (including the Shares on re-designation of the Preferred Shares)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	**100.00**

Assuming the [**REDACTED**] is exercised in full and without taking into account of any Shares that may be issued under the Share Option Scheme, the share capital of our Company upon completion of the [**REDACTED**] (taking into account the [**REDACTED**]) will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	*(%)*
Shares in issue (including the Shares on re-designation of the Preferred Shares)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	**100.00**

ASSUMPTIONS

The above tables assume the [**REDACTED**] becomes unconditional, completion of the [**REDACTED**] and the [**REDACTED**], and that each of the Preferred Shares are converted into Shares on a one-to-one basis. The above tables do not take into account any additional Shares which may be issued pursuant to the Share Option Scheme, or any Shares which may be issued or repurchased by the Company under the general mandates granted to our Directors as referred to below.

RANKING

The [**REDACTED**] are Shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued (including all the Shares as converted from Preferred Shares upon completion of the [**REDACTED**]) and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this Document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) cancel any Shares which have not been taken or agreed to be taken; (v) make provision for the allotment and issue of shares which do not carry any voting rights; (vi) change the currency of denomination of its share capital; and/or (vii) reduce its share premium account in any manner authorized, and subject to any conditions prescribed by law. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. See "Summary of the Constitution of the Company and the Company Laws of the Cayman Islands" in Appendix III to this Document.

SHARE INCENTIVE SCHEMES

The Company has adopted the [**REDACTED**] Share Incentive Schemes. See "Statutory and General Information — D. [**REDACTED**] Share Incentive Schemes" in Appendix IV to this Document.

GENERAL MANDATE TO (I) ISSUE SHARES AND (II) SELL AND/OR TRANSFER TREASURY SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors were granted a general mandate to (i) allot, issue and deal with any Shares or securities convertible into Shares, and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares of not more than the sum of:

- 20% of the total number of Shares in issue immediately following completion of the [**REDACTED**] (excluding (i) the additional Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any Shares that may be issued under the Share Option Scheme, and (ii) treasury shares, if any); and

- the aggregate nominal value of Shares repurchased by the Company under the authority referred to in the paragraph headed "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares and sell and/or transfer treasury shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

GENERAL MANDATE TO REPURCHASE SHARES

Subject the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate, to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the total number of Shares in issue immediately following the completion of the [**REDACTED**] (excluding (i) the additional Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any Shares that may be issued under the Share Option Scheme, and (ii) treasury shares, if any).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information — A. Further Information about our Group — 5. Repurchases of Our Own Securities" in Appendix IV.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See "Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders" in Appendix IV to this Document.

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to the years of 2022, 2023 and 2024 refer to the years ended December 31 of such years.

OVERVIEW

We are the largest premium hotpot brand in China. Anchored in a product-centric philosophy (產品主義) and supported by a differentiated market positioning, we have established ourselves as the leading player in China' premium hotpot market, offering signature items such as beef tripe (毛肚) and wild mushroom broth (菌湯). According to Frost & Sullivan, we ranked first in China' premium hotpot market by revenue with a 3.1% market share in 2024. As of the Latest Practicable Date, our self-operated restaurant network comprised 145 restaurants across 39 cities in China, representing a 74.7% increase from the end of 2021, underscoring our ability to scale effectively in the premium consumption segment. As of the same date, we operated five integrated central kitchens serving as both production and logistics hubs, and one specialized ingredient processing facility, supporting our operations across 14 provinces and municipalities in China.

During the Track Record Period, we have maintained steady growth and demonstrated impressive financial performance. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, we achieved revenues of approximately RMB1,433.1 million, RMB2,111.6 million, RMB2,307.3 million, RMB563.9 million and RMB708.7 million, respectively. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, we recorded a loss of RMB5.2 million, a profit of RMB101.7 million, a profit of RMB122.9 million, a profit of

RMB35.0 million and a profit of RMB55.2 million, respectively. During the same period, our adjusted profit for the year/period (non-IFRS measure) was RMB41.5 million, RMB143.7 million, RMB195.9 million, RMB57.5 million and RMB76.7 million, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). See Note 2 to the Accountants' Report included in Appendix I to this Document.

The preparation of the historical financial information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments made by management in the application of IFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are set out in Note 3 to the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

Expansion of Our Restaurant Network

During the Track Record Period, substantially all of our revenue was generated from restaurant operation related services. In 2022, 2023 and 2024 and the three months ended March 31, 2025, revenue generated from restaurant operation related services was RMB1,397.1 million, RMB2,044.9 million, RMB2,253.6 million and RMB696.2 million, respectively, representing 97.5%, 96.8%, 97.7% and 98.2% of our total revenue in the same periods, respectively. Therefore, our revenue and operational performance primarily rely on our ability to effectively expand the network of our restaurants nationwide. As of the Latest Practicable Date, all of our restaurants were self-operated. As of December 31, 2022, 2023 and 2024 and March 31, 2025, the number of our *Banu* restaurants was 86, 111, 144 and 144, respectively. The network of our *Banu* restaurants has successfully covered over 30 cities with great market potential, such as Zhengzhou, Beijing, Shanghai, Xi'an and Nanjing. We not only operate self-operated restaurants in first- and second-tier cities in China, but are also actively expanding into third- and lower-tier cities.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
Number of *Banu* restaurants				
Restaurants in first-tier cities.	15	24	30	30
Restaurants in second-tier cities	44	57	79	81
Restaurants in third and below tier cities	27	30	35	33
Total	**86**	**111**	**144**	**144**

During the Track Record Period, we realized a rapid growth in the number of restaurants. In 2022, 2023 and 2024 and the three months ended March 31, 2025, we had 11, 25, 35 and three newly opened restaurants, respectively. Built on our industry insights and commitment to product innovation, we believe that we can further expand our market share in the current market, and expand the operational network of our restaurants into untapped domestic market. Specifically, we will increase the density of restaurants in key cities where we have already established brand momentum and expand to prefecture-level and county-level cities in the surrounding areas. See "Business — Our Restaurant Network — Number of Restaurants and Future Expansion." We plan to use cash generated from our operations and [**REDACTED**] from the [**REDACTED**] to support our expansion plan. See "Future Plans and Use of [**REDACTED**]."

Same Store Sales

Our operation and financial performance highly depend on our ability to generate stable revenue from our restaurants. We measure the operational performance of our restaurants by comparing same store sales and growth of same store sales. The rate of same store sales growth provides a period-to-period comparison of restaurant performance because it excludes the increases due to the newly-opened restaurants by comparing the operational and financial performance of restaurants that commenced operations prior to the beginning of the periods under comparison and operated no less than 300 days yearly or no less than 75 days quarterly.

The following table sets forth the same store sales of our *Banu* restaurants during the Track Record Period.

	For the year ended December 31,				For the three months ended March 31,	
	2022	**2023**	**2023**	**2024**	**2024**	**2025**
Number of Banu same stores . . .	36		67		84	
Same store sales (RMB'000) . . .	563,086	690,497	1,401,818	1,262,516	411,436	420,116
Growth of same store sales (%)	22.6%		(9.9)%		2.1%	

Same store sales are primarily affected by table turnover rates and average spending per customer. See "Business — Our Hotpot Business — Our Restaurant Network — Key Restaurant Operating Metrics."

Raw Materials and Consumables Used

With a product-centric philosophy, we are dedicated to providing natural, fresh, healthy and delicious hotpot dishes to customers. To ensure the quality and consistency in food ingredients and other products delivered to customers, we have initiated, and will accelerate, the standardization of our supply chain for superior raw materials and consumables. Raw materials and consumables used are key components of our cost structure, with fluctuations in their prices directly impacting our profitability. The primary raw materials and consumables we procure include (i) food ingredients, such as beef tripe, beef, mushroom, vegetables, seafood, spices and seasonings, and (ii) consumables used in our restaurants, such as packaging materials and other consumables. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our costs for raw materials and consumables used were RMB484.1 million, RMB701.3 million, RMB740.9 million and RMB229.1 million, respectively.

We have adopted several measures to control our purchasing cost. See "Business — Supply Chain and Procurement — Procurement System and Management". Despite the various measures we adopted, the price and supply of raw materials and consumables are affected by certain factors which are beyond our control, including but not limited to changes in demands and supplies in the general market and other external factors (such as climate and environment conditions or natural disasters) which may trigger price fluctuation. We have leveraged the framework agreements to secure the purchase price for core product categories and maintain multiple suppliers for each product categories to reduce the concentration risk. See "Business — Supply Chain and Procurement — Price Management and Risk Control". As a result of our effective cost control measures, our costs for raw materials and consumables used as a percentage of our total revenue decreased from 33.8% in 2022 to 33.2% in 2023 and further decreased to 32.1% in 2024, and such number remained relatively stable at 32.3% in the three months ended March 31, 2025. Going forward, we will continue to manage our prices by closely monitoring market price fluctuations and improving our supply chain management.

Staff Costs

Our success mainly depends on our ability to attract, motivate and retain a sufficient number of qualified staff. We need to attract excellent staff to continuously support the expansion of our restaurant network. We also rely on our qualified and well-trained staff to provide quality services to customers in our restaurants and assure the continuous healthy growth of our business. With the growth in the number of restaurants during the Track Record Period, the number of our staff and relevant staff costs increased accordingly. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our staff costs were RMB467.5 million, RMB635.1 million, RMB775.0 million and RMB242.3 million, respectively, representing 32.6%, 30.1%, 33.6% and 34.2% of our total revenue in the same periods, respectively. Going forward, we expect our staff costs to continue to be affected by our compensation structure and the number of new restaurants we open. Considering that the salary level in China and, in particular, in the catering industry is expected to further increase, we expect the absolute amount of our staff costs to continuously grow. We will further optimize the restaurant level staffing and enhance our operation efficiency.

Depreciation of Right-of-Use Assets

We operate substantially all of our restaurants on leased properties from third parties. We conduct site visits and assess the properties to be leased and enter into lease agreements with the lessors generally for a period of five to eight years. Under these lease agreements, we will pay the rents and deposits to the lessors, and be responsible for necessary fees including properties, water and electricity utilities during the lease period. As of the Latest Practicable Date, we had 163 leased properties in China with a total gross floor area of approximately 113,481.7 square meters. Such properties mainly served as restaurants, central kitchens and office spaces. In 2022, 2023 and 2024 and the three months ended March 31, 2025, our depreciation of right-of-use assets was RMB108.3 million, RMB121.8 million, RMB132.7 million and RMB35.3 million, respectively, representing 7.6%, 5.8%, 5.8% and 5.0% of our total revenue in the same periods, respectively.

Going forward, we expect our depreciation of right-of-use assets to further increase as we continuously expand our restaurant network. We plan to leverage our strong brand recognition to negotiate with landlords and control our rental expenses and maintain our profitability.

Seasonality

During the Track Record Period, we typically experienced stronger revenue during holiday seasons, such as the Chinese New Year, summer break, National Day holiday, and year-end periods, primarily driven by increased customer traffic and dining activities during these times. Revenue generated in each season of a year can also fluctuate for other reasons, including the timing of new product launches, and the timing of advertising and promotional activities. See "Risk Factors — Risks Relating to Our Business and Industry — Our product sales and business operation are subject to seasonal fluctuations."

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Note 2 to the Accountants' Report included in Appendix I to this Document sets forth certain material accounting policies, which are important for understanding our financial position and operational results. Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in Note 3 to the Accountants' Report included in Appendix I to this Document.

We believe the following material accounting policies involve the most significant judgments in the preparation of consolidated financial statements.

Revenue Recognition

Our Group is the principal for its revenue transactions and recognizes revenue on a gross basis. In determining whether our Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to our Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Our Group principally generates revenue from restaurant operation related services and sales of condiment products and food ingredients.

Revenue from restaurant operation related services for which the control of services is transferred at a point in time, revenue is recognized when the related services have been rendered to customers.

Revenue from the sales of condiment products and food ingredients for which the control of goods is transferred at a point in time, is recognized when the goods are delivered and accepted by the customers.

Leased Assets

At inception of a contract, we assess whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a Lessee

Where the contract contains lease component(s) and non-lease component(s), our Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, our Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When our Group enters into a lease in respect of a low-value item, our Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii) to the Accountants' Report included in Appendix I to this Document).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(e)(i), 2(t)(iii) and 2(i)(i) to the Accountants' Report included in Appendix I to this Document). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our Group's estimate of the amount expected to be payable under a residual value guarantee, or if our Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the Track Record Period.

As a Lessor

Our Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, our Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(t)(v) to the Accountants' Report included in Appendix I to this Document.

When our Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which our Group applies the exemption described in Note 2(h)(i) to the Accountants' Report included in Appendix I to this Document, then the group classifies the sub-lease as an operating lease.

Property, Plant and Equipment

Property, plant and equipment, including construction in progress, are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii) to the Accountants' Report included in Appendix I to this Document). No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold Improvement	Over the shorter of the lease term and 5 years
Kitchen equipment	3-10 years
Electronic equipment	3 years
Motor vehicles	3-5 years
Furniture and fixtures and other equipment	3 years
Plant and buildings	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Employee Benefits

Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if our Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pursuant to the relevant laws and regulations of the PRC, our Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organizations. Our Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the defined contribution basic pension insurance. There are no forfeited contributions for the defined contribution basic pension insurance in the PRC social insurance system as the contributions are fully vested to the employees upon payment to the scheme.

Share-based payments

The grant-date fair value of equity-settled shares or share options granted to employees is measured using the income approach model, in case of shares granted, or the binomial option pricing model, in case of share options granted. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Income Tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

Our Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities, provisions and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in our Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of results of operation and as percentages of our total revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	1,433,138	100.0	2,111,569	100.0	2,307,269	100.0	563,905	100.0	708,732	100.0
Other revenue	12,109	0.8	21,650	1.0	37,373	1.6	5,927	1.1	4,742	0.7
Raw materials and consumables used	(484,069)	(33.8)	(701,333)	(33.2)	(740,893)	(32.1)	(179,837)	(31.9)	(229,112)	(32.3)
Staff costs	(467,529)	(32.6)	(635,116)	(30.1)	(774,962)	(33.6)	(189,454)	(33.6)	(242,260)	(34.2)
Depreciation of right-of-use assets	(108,297)	(7.6)	(121,808)	(5.8)	(132,685)	(5.8)	(31,983)	(5.7)	(35,256)	(5.0)
Other rentals and related expenses	(29,049)	(2.0)	(44,248)	(2.1)	(55,665)	(2.4)	(10,959)	(1.9)	(18,495)	(2.6)
Depreciation and amortization of other assets	(111,274)	(7.8)	(108,716)	(5.1)	(104,760)	(4.5)	(27,690)	(4.9)	(28,924)	(4.1)
Utility expenses	(63,485)	(4.4)	(84,399)	(4.0)	(89,980)	(3.9)	(20,478)	(3.6)	(23,894)	(3.4)
Traveling and related expenses	(5,080)	(0.4)	(13,630)	(0.6)	(13,248)	(0.6)	(2,726)	(0.5)	(3,007)	(0.4)
Advertising and promotion expenses	(46,087)	(3.2)	(76,567)	(3.6)	(100,868)	(4.4)	(17,733)	(3.1)	(24,224)	(3.4)
Other expenses	(80,674)	(5.6)	(142,326)	(6.7)	(114,217)	(5.0)	(26,917)	(4.8)	(23,895)	(3.4)
Share of (losses)/ profits of associates	(1,714)	(0.1)	402	0.0	35	0.0	(4)	0.0	(205)	0.0
Other net gains/(losses)	8,179	0.5	(5,926)	(0.3)	(1,862)	(0.1)	2,335	0.4	(369)	(0.1)
Finance costs	(23,597)	(1.6)	(26,578)	(1.3)	(25,421)	(1.1)	(6,518)	(1.2)	(6,086)	(0.9)
Changes in carrying amount of the redemption liabilities	(24,699)	(1.7)	(23,747)	(1.1)	(21,132)	(0.9)	(5,445)	(1.0)	(4,596)	(0.6)
Impairment losses of property, plant and equipment	–	–	(9,176)	(0.4)	(3,472)	(0.2)	(1,652)	(0.3)	–	–

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Profit before taxation	**7,872**	**0.5**	**140,051**	**6.6**	**165,512**	**7.1**	**50,771**	**9.0**	**73,151**	**10.3**
Income tax	(13,062)	(0.9)	(38,335)	(1.8)	(42,572)	(1.8)	(15,743)	(2.8)	(17,989)	(2.5)
Profit/(loss) for the year/period	**(5,190)**	**(0.4)**	**101,716**	**4.8**	**122,940**	**5.3**	**35,028**	**6.2**	**55,162**	**7.8**
Attributable to:										
Equity shareholders of our Company	(5,019)	(0.4)	101,716	4.8	122,940	5.3	35,028	6.2	55,162	7.8
Non-controlling interests	(171)	(0.0)	–	–	–	–	–	–	–	–
Profit/(loss) for the year/period	**(5,190)**	**(0.4)**	**101,716**	**4.8**	**122,940**	**5.3**	**35,028**	**6.2**	**55,162**	**7.8**

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted profit for the year/period (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. The adjusted profit for the year/period (non-IFRS measure) reflects our net profit for the year/period before equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, [**REDACTED**] expenses, and the one-off cash bonuses awarded in 2024 to incentivize key employees in preparation of our [**REDACTED**]. The adjusted net profit margin (non-IFRS measure) equals the adjusted profit for the year/period (non-IFRS measure) divided by revenue for the same year/period and multiplied by 100%. The adjusted profit for the year/period (non-IFRS measure) and the adjusted net profit margin (non-IFRS measure) are not standard financial measures under IFRSs. We believe that adjusted profit for the year/period (non-IFRS measure) and the adjusted net profit margin (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our combined results of operation in the same manner as it helped our management. However, such non-IFRS financial measures we presented may not be directly comparable to similarly titled measures presented by other companies. The use of such non-IFRS financial measures has limitations as an analytical tool. You should not consider them in isolation from, or as substitute for analysis of, our results of operation or financial condition as reported under IFRSs.

The following tables present a reconciliation of adjusted profit for the year/period (non-IFRS measure) to profit/(loss) for the year/period as well as the adjusted net profit margin (non-IFRS measure) for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit/(loss) for the year/period	**(5,190)**	**101,716**	**122,940**	**35,028**	**55,162**
Equity-settled share-based payment expenses	21,946	17,242	23,380	17,074	16,313
Changes in carrying amount of the redemption liabilities	24,699	23,747	21,132	5,445	4,596
		[REDACTED]			
One-off bonuses to key employees	–	–	27,949	–	–
Adjusted profit for the year/period (non-IFRS measure)	**41,455**	**143,742**	**195,855**	**57,547**	**76,676**
Adjusted net profit margin (non-IFRS measure)	2.9%	6.8%	8.5%	10.2%	10.8%

Revenue

During the Track Record Period, we generated substantially all of our revenue from restaurant operation related services in China. We also generated a small portion of revenue from sales of condiment products and food ingredients. The following table sets forth a breakdown of our revenue by business in absolute amounts and as percentages of our total revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Restaurant operation related services	1,397,111	97.5	2,044,928	96.8	2,253,587	97.7	546,016	96.8	696,243	98.2
Sales of condiment products and food ingredients	31,752	2.2	58,904	2.8	47,357	2.0	16,342	2.9	10,971	1.6
Others[1]	4,275	0.3	7,737	0.4	6,325	0.3	1,547	0.3	1,518	0.2
Total revenue	**1,433,138**	**100.0**	**2,111,569**	**100.0**	**2,307,269**	**100.0**	**563,905**	**100.0**	**708,732**	**100.0**

Note:

(1) Others primarily represent revenue from sublease of a few of our leased properties and kitchen waste disposal.

Our revenue from restaurant operation related services during the Track Record Period consisted of revenue from sales of hotpot dishes, drinks and other products.

Our revenue from sales of condiment products and food ingredients during the Track Record Period consisted of revenue from sales of condiment products and food ingredients to third-party customers.

Other Revenue

Our other revenue consisted of (i) government grant, mainly representing unconditional cash awards received from local PRC governments to support our business development; (ii) interest income on bank deposits, rental deposits and loan to third party, (iii) investment income on wealth management products, and (iv) super deduction of value-added tax, mainly representing the super deduction and exemption on value-added tax (VAT) granted by PRC government authorities. Pursuant to certain PRC taxation policies, we were entitled to an extra deduction of the deductible input VAT from our VAT payable in 2022 and 2023. Such super deduction policies expired on December 31, 2023 and such super deduction has no longer been available to us since then. The following table sets forth a breakdown of our other revenue for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income	2,498	4,984	9,157	2,059	1,899
Government grants	1,675	6,704	21,660	2,245	1,038
Investment income on wealth management products	1,014	1,942	6,556	1,623	1,805
Super deduction of value-added tax	6,922	8,020	–	–	–
Total other revenue	**12,109**	**21,650**	**37,373**	**5,927**	**4,742**

Raw Materials and Consumables Used

Our raw materials and consumables used consisted of costs for (i) food ingredients, such as beef tripe, beef, mushroom, vegetables, seafood, spices and seasonings, and (ii) consumables used in our restaurants, such as packaging materials and other consumables. The following table sets forth a breakdown of our raw materials and consumables used for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Costs for food ingredients	442,972	641,635	691,789	168,704	215,205
Costs for consumables	41,097	59,698	49,104	11,133	13,907
Total raw materials and consumables used	**484,069**	**701,333**	**740,893**	**179,837**	**229,112**

Staff Costs

Our staff costs consisted primarily of (i) salaries, wages and other benefits for our staff, (ii) contributions to defined contribution retirement plan, (iii) equity-settled share-based payment expenses and (iv) human resource service expenses, representing the expenses relating to outsourcing staff for our restaurant operations from human resource outsourcing service providers. The following table sets forth a breakdown of our staff costs for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, wages and other benefits	179,812	266,784	376,386	81,506	103,472
Contributions to defined contribution retirement plan	8,102	11,098	16,285	3,813	4,334
Equity-settled share-based payment expenses	21,946	17,242	23,380	17,074	16,313
Human resource service expenses	257,669	339,992	358,911	87,061	118,141
Total staff costs	**467,529**	**635,116**	**774,962**	**189,454**	**242,260**

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets consisted primarily of the depreciation of capitalized lease incurred by long-term leased properties for our restaurants. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our depreciation of right-of-use assets was RMB108.3 million, RMB121.8 million, RMB132.7 million, RMB32.0 million and RMB35.3 million, respectively, accounting for 7.6%, 5.8%, 5.8%, 5.7% and 5.0% of our total revenue in the same periods, respectively.

Other Rentals and Related Expenses

Our other rentals and related expenses consisted primarily of the expenses of short-term leases, leases of low-value assets and variable lease payments. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our depreciation of right-of-use assets was RMB29.0 million, RMB44.2 million, RMB55.7 million, RMB11.0 million and RMB18.5 million, respectively, accounting for 2.0%, 2.1%, 2.4%, 1.9% and 2.6% of our total revenue in the same periods, respectively.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets consisted primarily of (i) the depreciation of equipment at our restaurants and central kitchens, electronic equipment, motor vehicles and leasehold improvement and (ii) amortization of intangible assets including software and trademarks. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our depreciation and amortization of other assets amounted to RMB111.3 million, RMB108.7 million, RMB104.8 million, RMB27.7 million and RMB28.9 million, respectively, accounting for 7.8%, 5.1%, 4.5%, 4.9% and 4.1% of our total revenue in the same periods, respectively.

Utility Expenses

Our utility expenses consisted primarily of the expenses related to our use of electricity, water and natural gas. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our utility expenses were RMB63.5 million, RMB84.4 million, RMB90.0 million, RMB20.5 million and RMB23.9 million, respectively, accounting for 4.4%, 4.0%, 3.9%, 3.6% and 3.4% of our total revenue in the same periods, respectively.

Traveling and Related Expenses

Our traveling and related expenses consisted primarily of travel expenses of our staff. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our traveling and related expenses were RMB5.1 million, RMB13.6 million, RMB13.2 million, RMB2.7 million and RMB3.0 million, respectively, accounting for 0.4%, 0.6%, 0.6%, 0.5% and 0.4% of our total revenue in the same periods, respectively.

Advertising and Promotion Expenses

Our advertising and promotion expenses consisted primarily of the expenses incurred by us for online marketing campaigns and offline advertisement placements for our restaurants. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our advertising and promotion expenses were RMB46.1 million, RMB76.6 million, RMB100.9 million, RMB17.7 million and RMB24.2 million, respectively, accounting for 3.2%, 3.6%, 4.4%, 3.1% and 3.4% of our total revenue in the same periods, respectively.

Other Expenses

Our other expenses consisted of (i) expenses for opening new restaurants, (ii) transportation and related expenses, mainly representing the expenses incurred for delivery of food ingredients from our central kitchens to our restaurants, (iii) professional service fees, mainly representing fees paid to external consultants for their professional services in relation to compliance, finance and strategy consulting, (iv) maintenance expenses, representing expenses incurred for repairing and maintaining the equipment of our restaurants, and (v) others. The following table sets forth a breakdown of our other expenses for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Transportation and related expenses	15,847	22,305	22,128	5,242	6,363
Expenses for opening new restaurants	15,562	27,771	26,275	3,434	1,297
Professional service fees	13,205	16,071	12,005	1,504	3,458
[REDACTED]					
Maintenance expenses	9,758	18,912	11,536	3,248	2,535
Bank charges	5,171	6,270	9,040	1,601	2,382
Business development expenses	4,312	7,816	6,086	1,698	1,518
Cleaning fees	3,439	5,843	5,857	1,273	1,561
Office expenses	3,293	5,437	5,968	1,880	1,301
Impairment losses/(reversals of impairment losses) on trade and other receivables	608	19,462	2,364	2,549	(36)
Others[1]	9,479	11,402	12,504	4,488	2,911
Total other expenses	**80,674**	**142,326**	**114,217**	**26,917**	**23,895**

Note:

(1) Others primarily represent expenses incurred for our internal conferences and events, communication expenses, and other miscellaneous expenses.

Share of Profits or Losses of Associates

Our share of profits or losses of associates represented our investment in equity interest in certain private companies engaged in food production and processing, sewage treatment and restaurant operations. See Note 14 to the Accountants' Report included in Appendix I to this Document for details of our associates. We have significant influence on, but no control or joint control over, the financial and operating policies of these associates. We had share of losses of associates of RMB1.7 million in 2022 and share of profits of associates of RMB0.4 million and RMB35.0 thousand in 2023 and 2024, respectively. In the three months ended March 31, 2024 and 2025, we had share of losses of associates of RMB4.0 thousand and RMB0.2 million, respectively.

Other Net Gains/Losses

Our other net gains/losses consisted primarily of (i) gain or loss on disposal of property, plant and equipment and right-of-use assets, (ii) net foreign exchange gain or loss, (iii) income on COVID-19 rent concessions, and (iv) gain on disposal of subsidiaries. The following table sets forth a breakdown of our other net gains/losses for the period indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
(Gains)/losses on disposal of property, plant and equipment and right-of-use assets	(2,678)	(926)	1,245	(1,493)	(262)
Net foreign exchange (gain)/loss	–	(642)	(1,109)	(291)	141
Donations	295	1,047	291	–	914
Forfeiture of rental deposits	508	326	242	–	218
Income on COVID-19 rent concessions	(1,893)	–	–	–	–
Gain on disposal of subsidiaries	(5,504)	–	–	–	–
Others[(1)]	1,093	6,121	1,193	(551)	(642)
Other net (gains)/losses	**(8,179)**	**5,926**	**1,862**	**(2,335)**	**369**

Note:

(1) Others primarily represent compensation from suppliers for their breach of contract, and accidental compensation paid to customers.

Finance Costs

Our finance costs consisted of (i) interest on bank loans, (ii) interest on lease liabilities, and (iii) unwind of discount of provisions. The following table sets forth a breakdown of our finance costs for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest on bank loans	843	1,629	–	–	–
Interest on lease liabilities	22,473	24,617	25,037	6,428	5,996
Unwind of discount of provisions	281	332	384	90	90
Total finance costs	**23,597**	**26,578**	**25,421**	**6,518**	**6,086**

Changes in Carrying Amount of the Redemption Liabilities

Changes in carrying amount of the redemption liabilities relates to convertible redeemable preferred shares issued to certain investors in our Series Angel and Series A financing. See Note 22 to the Accountants' Report included in Appendix I to this Document. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, changes in carrying amount of the redemption liabilities were RMB24.7 million, RMB23.7 million, RMB21.1 million, RMB5.4 million and RMB4.6 million, respectively, accounting for 1.7%, 1.1%, 0.9%, 1.0% and 0.6% of our total revenue in the same periods, respectively.

Impairment Losses of Property, Plant and Equipment

Our impairment losses of property, plant and equipment represented impairment losses incurred for restaurants with unfavorable future prospects. In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our impairment losses of property, plant and equipment were nil, RMB9.2 million, RMB3.5 million, RMB1.7 million and nil, respectively, accounting for nil, 0.4%, 0.2%, 0.3% and nil of our total revenue in the same periods, respectively.

Income Tax

In 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, our income tax was RMB13.1 million, RMB38.3 million, RMB42.6 million, RMB15.7 million and RMB18.0 million, respectively, accounting for 0.9%, 1.8%, 1.8%, 2.8% and 2.5% of our total revenue in the same periods, respectively.

Our income tax represents the income tax paid or payable at the applicable rate in accordance with the relevant laws and regulations of each tax jurisdiction in which we operate or are registered. The following summary discusses the key factors that apply to our tax rates in the Cayman Islands, BVI, Hong Kong and PRC.

Cayman Islands

We are incorporated in the Cayman Islands as a limited company under the Cayman Islands Companies Act. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

BVI

Certain of our subsidiaries are incorporated under the BVI Business Companies Act and are not subject to tax on income or capital gains.

Hong Kong

In 2022, 2023 and 2024 and the three months ended March 31, 2025, our subsidiaries in Hong Kong did not have any other assessable profits and thus were not subject to Hong Kong profits tax.

PRC

Taxable income for our subsidiaries in China was subject to PRC income tax rate of 25% during the Track Record Period, unless otherwise specified below.

According to the Notice No. 23 issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission on 23 April 2020, one of our subsidiaries established in Chongqing was entitled to a preferential income tax rate of 15% in 2023 and 2024 and the three months ended March 31, 2025.

Certain entities within our Group fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprises in China, and were subject to two-tiered preferential effective tax rates from 2.5% to 5% in 2022, 2023 and 2024 and the three months ended March 31, 2025.

During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved issues with the relevant tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATION

Three Months Ended March 31, 2025 Compared with Three Months Ended March 31, 2024

Revenue

Our revenue increased by 25.7% from RMB563.9 million in the three months ended March 31, 2024 to RMB708.7 million in the three months ended March 31, 2025, primarily due to the expansion of our restaurant network.

Other Revenue

Our other revenue decreased by 20.0% from RMB5.9 million in the three months ended March 31, 2024 to RMB4.7 million in the three months ended March 31, 2025, primarily due to a decrease in government grants of RMB1.2 million.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 27.4% from RMB179.8 million in the three months ended March 31, 2024 to RMB229.1 million in the three months ended March 31, 2025, which was generally in line with our overall business growth from the three months ended March 31, 2024 to the three months ended March 31, 2025.

Staff Costs

Our staff costs increased by 27.9% from RMB189.5 million in the three months ended March 31, 2024 to RMB242.3 million in the three months ended March 31, 2025, primarily due to (i) the increase in the total number of staff at our restaurants, driven by the continuous expansion of our restaurant network; and (ii) the increases in the compensation level for our employees and the service fees paid to third party outsourcing agencies engaged by us as a result of the improved performance of our restaurants in the three months ended March 31, 2025.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 10.2% from RMB32.0 million in the three months ended March 31, 2024 to RMB35.3 million in the three months ended March 31, 2025, primarily due to the expansion of our restaurant network in the three months ended March 31, 2025 as compared to the same period in 2024.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 68.8% from RMB11.0 million in the three months ended March 31, 2024 to RMB18.5 million in the three months ended March 31, 2025, primarily due to our restaurant network expansion in the three months ended March 31, 2025 as compared to the same period in 2024.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets increased by 4.5% from RMB27.7 million in the three months ended March 31, 2024 to RMB28.9 million in the three months ended March 31, 2025, primarily due to our restaurant network expansion and the increase in the equipment at our restaurants in the three months ended March 31, 2025 as compared to the same period in 2024.

Utility Expenses

Our utility expenses increased by 16.7% from RMB20.5 million in the three months ended March 31, 2024 to RMB23.9 million in the three months ended March 31, 2025, primarily due to our restaurant network expansion in the three months ended March 31, 2025 as compared to the same period in 2024.

Traveling and Related Expenses

Our traveling and related expenses remained relatively stable at RMB2.7 million and RMB3.0 million in the three months ended March 31, 2024 and 2025, respectively.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 36.6% from RMB17.7 million in the three months ended March 31, 2024 to RMB24.2 million in the three months ended March 31, 2025, primarily due to our increased investments in marketing and promotion activities to drive our restaurant network expansion and business growth.

Other Expenses

Our other expenses decreased by 11.2% from RMB26.9 million in the three months ended March 31, 2024 to RMB23.9 million in the three months ended March 31, 2025, primarily due to (i) the recognition of impairment loss on trade and other receivables of RMB2.5 million in the three months ended March 31, 2025 as compared to reversal of RMB36.0 thousand in the same period in 2024; and (ii) a decrease in expenses for opening new restaurants, mainly because we newly opened fewer restaurants in the three months ended March 31, 2025 as compared to the same period in 2024. Such decrease was partially offset by an increase in professional fees paid to external consultants for their consulting services in relation to strategy consulting.

Share of Profits or Losses of Associates

Our share of losses of associates was RMB4.0 thousand and RMB0.2 million in the three months ended March 31, 2024 and 2025, respectively, mainly in relation to the financial performance of the associates we invested in.

Other Net Gains/Losses

We recorded other net losses of RMB0.4 million in the three months ended March 31, 2025, as compared to other net gains of RMB2.3 million in the same period in 2024, primarily due to (i) the gain on disposal of property, plant and equipment and right-of-use assets of RMB1.5 million in the three months ended March 31, 2024 as compared to RMB0.3 million in the same period in 2025; and (ii) our donations of RMB0.9 million in the three months ended March 31, 2025.

Finance Costs

Our finance costs remained relatively stable at RMB6.5 million and RMB6.1 million in the three months ended March 31, 2024 and 2025, respectively.

Changes in Carrying Amount of the Redemption Liabilities

Changes in carrying amount of the redemption liabilities decreased from RMB5.4 million in the three months ended March 31, 2024 to RMB4.6 million in the same period in 2025, primarily due to our repurchase of the convertible redeemable preferred shares held by one of our Pre-[**REDACTED**] investors in December 2024.

Impairment Losses of Property, Plant and Equipment

Our impairment losses of property, plant and equipment decreased from RMB1.7 million in the three months ended March 31, 2024 to nil in the three months ended March 31, 2025, primarily because we did not identify any restaurant with unfavorable future prospects in the three months ended March 31, 2025 based on our assessment.

Income Tax

Our income tax increased by 14.3% from RMB15.7 million in the three months ended March 31, 2024 to RMB18.0 million in the three months ended March 31, 2025, reflecting the growth in our taxable income.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 57.5% from RMB35.0 million in the three months ended March 31, 2024 to RMB55.1 million in the three months ended March 31, 2025, and our net profit margin increased from 6.2% in the three months ended March 31, 2024 to 7.8% in the three months ended March 31, 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 9.3% from RMB2,111.6 million in 2023 to RMB2,307.3 million in 2024, primarily due to an increase in revenue from restaurant operation related services of RMB208.7 million, mainly attributable to the revenue contribution from our newly opened 35 restaurants in 2024, despite a slight decrease in our average spending per customer from RMB150 in 2023 to RMB142 in 2024.

Other Revenue

Our other revenue increased by 72.6% from RMB21.7 million in 2023 to RMB37.4 million in 2024, primarily due to (i) an increase in government grants of RMB15.0 million we received from local government as part of its supporting policies; and (ii) increases in investment income on wealth management products and interest income on bank deposits, both attributable to our increased capital from operating activities along with our business growth.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 5.6% from RMB701.3 million in 2023 to RMB740.9 million in 2024, primarily due to our increased procurement of raw materials and consumables in line with our expansion of restaurant network and overall business growth.

Staff Costs

Our staff costs increased by 22.0% from RMB635.1 million in 2023 to RMB775.0 million in 2024, primarily due to (i) the increase in the total number of staff at our restaurants, attributable to our continuous restaurant network expansion in 2024 and (ii) the increases in the compensation level for our employees and the service fees paid to third party outsourcing agencies engaged by us as a result of the improved performance of our restaurants.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 8.9% from RMB121.8 million in 2023 to RMB132.7 million in 2024, primarily due to our restaurant network expansion.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 25.8% from RMB44.2 million in 2023 to RMB55.7 million in 2024, primarily driven by our continuous restaurant network expansion in 2024.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets decreased slightly by 3.6% from RMB108.7 million in 2023 to RMB104.8 million in 2024, primarily due to the completion of depreciation and amortization of certain property, plant and equipment in 2024.

Utility Expenses

Our utility expenses increased by 6.6% from RMB84.4 million in 2023 to RMB90.0 million in 2024, primarily due to our continuous restaurant network expansion in 2024.

Traveling and Related Expenses

Our traveling and related expenses remained relatively stable at RMB13.6 million and RMB13.2 million in 2023 and 2024, respectively.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 31.7% from RMB76.6 million in 2023 to RMB100.9 million in 2024, primarily due to our increased investments in marketing and promotion activities to drive our restaurant network expansion and business growth.

Other Expenses

Our other expenses decreased by 19.7% from RMB142.3 million in 2023 to RMB114.2 million in 2024, primarily due to (i) the impairment loss on trade and other receivables of RMB19.5 million we recorded in 2023 mainly in relation to the full provision made in 2023 for our loans to Beijing Tao Niang, our then related party, considering such party's financial capability and our disposal plan; and (ii) a decrease in maintenance expenses mainly because we conducted and completed substantial repairing and maintenance work for restaurants in 2023 and incurred a significant amount of maintenance expenses in 2023, as compared to 2024.

Share of Profits or Losses of Associates

Our share of profits of associates was RMB0.4 million and RMB35.0 thousand in 2023 and 2024, respectively, mainly in relation to the financial performance of the associates we invested in.

Other Net Losses

Our other net losses decreased by 68.6% from RMB5.9 million in 2023 to RMB1.9 million in 2024, primarily due to a decrease in accidental compensation paid to customers in relation to the food quality incident for Chao Dao in 2023. See "Business — Food Safety and Quality Control — Historical Food Safety-related Administrative Penalty."

Finance Costs

Our finance costs remained relatively stable at RMB26.6 million and RMB25.4 million in 2023 and 2024, respectively.

Changes in Carrying Amount of the Redemption Liabilities

Changes in carrying amount of the redemption liabilities decreased from RMB23.7 million in 2023 to RMB21.1 million in 2024, primarily due to the termination in March 2023 by another pre-[**REDACTED**] investor of the redemption rights granted to it. See Note 22 to the Accountants' Report included in Appendix I to this Document.

Impairment Losses of Property, Plant and Equipment

Our impairment losses of property, plant and equipment decreased by 62.2% from RMB9.2 million in 2023 to RMB3.5 million in 2024, primarily due to the decreased number of restaurants with unfavorable future prospects as a result of our constant efforts to improve the operations of our restaurants in 2024.

Income Tax

Our income tax increased by 11.1% from RMB38.3 million in 2023 to RMB42.6 million in 2024, which was generally in line with our revenue growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 20.9% from RMB101.7 million in 2023 to RMB122.9 million in 2024, and our net profit margin increased from 4.8% in 2023 to 5.3% in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 47.3% from RMB1,433.1 million in 2022 to RMB2,111.6 million in 2023, primarily due to an increase in revenue from restaurant operation related services of RMB647.8 million, mainly attributable to (i) the increased operating days of existing restaurants in 2023 since the recovery from the pandemic, which drives the increase in revenue from existing restaurants; and (ii) the revenue contribution from 25 restaurants newly opened in 2023.

Other Revenue

Our other revenue increased by 78.8% from RMB12.1 million in 2022 to RMB21.7 million in 2023, primarily due to (i) an increase in government grants of RMB5.0 million; and (ii) increases in interest income on bank deposits and investment income on wealth management products, both attributable to our increased capital from operating activities along with our business growth.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 44.9% from RMB484.1 million in 2022 to RMB701.3 million in 2023, primarily due to our increased procurement of raw materials and consumables in line with our expansion of restaurant network and business growth.

Staff Costs

Our staff costs increased by 35.8% from to RMB467.5 million in 2022 to RMB635.1 million in 2023, primarily due to (i) the increase in the total number of staff at our restaurants, attributable to our restaurant network expansion in 2023 and (ii) the increases in the compensation level for our employees and the service fees paid to third party outsourcing agencies engaged by us as a result of the significantly improved performance of our restaurants in 2023 along with the recovery from the pandemic.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 12.5% from RMB108.3 million in 2022 to RMB121.8 million in 2023, primarily due our restaurant network expansion.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 52.3% from RMB29.0 million in 2022 to RMB44.2 million in 2023, primarily driven by our continuous restaurant network expansion in 2023.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets remained relatively stable at RMB111.3 million and RMB108.7 million in 2022 and 2023, respectively.

Utility Expenses

Our utility expenses increased by 32.9% from RMB63.5 million in 2022 to RMB84.4 million in 2023, primarily due to our restaurant network expansion in 2023.

Traveling and Related Expenses

Our traveling and related expenses increased significantly from RMB5.1 million in 2022 to RMB13.6 million in 2023, primarily due to the increased business travel by our staff as a result of the conclusion of the pandemic.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 66.1% from RMB46.1 million in 2022 to RMB76.6 million in 2023, primarily due to our increased investments in marketing and promotion activities to drive our restaurant network expansion.

Other Expenses

Our other expenses increased by 76.4% from RMB80.7 million in 2022 to RMB142.3 million in 2023, primarily due to (i) the impairment loss on trade and other receivables of RMB19.5 million we recorded in 2023 mainly in relation to the full provision made in 2023 for our loans to Beijing Tao Niang, as compared to impairment loss on trade and other receivables of RMB0.6 million in 2022; (ii) increases in expenses for opening new restaurants, transportation and related expenses and other miscellaneous expenses related to our general operations, mainly attributable to our restaurant network expansion and overall business growth in 2023; and (iii) an increase in maintenance expenses attributable to substantial repairing and maintenance work for restaurants conducted in 2023.

Share of Profits or Losses of Associates

We had share of losses of associates of RMB1.7 million in 2022 and share of profits of associates of RMB0.4 million in 2023, mainly attributable to the overall improved financial performance of the associates we invested in.

Other Net Gains/Losses

We recorded other net losses of RMB5.9 million in 2023, as compared to other net gains of RMB8.2 million in 2022, primarily due to (i) gain on disposal of subsidiaries of RMB5.5 million and income on COVID-19 rent concessions of RMB1.9 million recorded in 2022, while no such gain or income was recorded in 2023; and (ii) an increase in accidental compensation paid to customers in relation to the food quality incident for Chao Dao in 2023. See "Business — Food Safety and Quality Control — Historical Food Safety-related Administrative Penalty."

Finance Costs

Our finance costs increased by 12.6% from RMB23.6 million in 2022 to RMB26.6 million in 2023, primarily due to an increase in interest on lease liabilities mainly attributable to our restaurant network expansion in 2023.

Changes in Carrying Amount of the Redemption Liabilities

Changes in carrying amount of the redemption liabilities decreased from RMB24.7 million in 2022 to RMB23.7 million in 2023, primarily due to the above-mentioned voluntary termination in March 2023.

Impairment Losses of Property, Plant and Equipment

Our impairment losses of property, plant and equipment were nil and RMB9.2 million in 2022 and 2023, respectively, as we did not identify restaurants with unfavorable future prospects at the end of 2022 while we incurred impairment losses for certain restaurants with unfavorable future prospects based on our assessment at the end of 2023.

Income Tax

Our income tax increased significantly from RMB13.1 million in 2022 to RMB38.3 million in 2023, reflecting the substantial growth in our profit.

Profit or Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB5.2 million in 2022 and turned to profit for the year of RMB101.7 million in 2023.

DISCUSSION OF KEY ITEMS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets:				
Property, plant and equipment	308,951	339,301	373,182	363,003
Right-of-use assets	452,980	452,096	442,100	413,929
Intangible assets	6,871	6,336	5,032	5,169
Interests in associates	1,503	1,905	2,465	6,748
Deferred tax assets	65,935	67,043	66,547	62,465
Rental deposits	19,652	24,291	28,373	28,631
Prepayments	856	1,662	3,854	2,682
Total non-current assets	**856,748**	**892,634**	**921,553**	**882,627**
Current assets:				
Inventories	146,002	159,685	124,590	96,599
Prepayments, trade and other receivables	143,686	152,636	161,218	153,148
Current tax recoverable	5,652	4,259	5,884	5,213
Restricted bank deposits	17,204	21,700	21,700	21,700
Cash and cash equivalents	332,183	268,842	223,083	272,550
Financial assets at fair value through profit or loss ("FVPL")	–	115,223	327,531	366,992
Total current assets	**644,727**	**722,345**	**864,006**	**916,202**
Current liabilities:				
Trade and other payables	121,715	177,281	216,449	238,606
Contract liabilities	50,179	56,956	59,463	63,021
Lease liabilities	111,911	122,325	123,579	126,746
Bank loans	100,117	–	–	–
Redemption liabilities	413,295	327,113	301,482	306,078
Current tax payable	5,827	14,224	15,936	21,826
Total current liabilities	**803,044**	**697,899**	**716,909**	**756,277**
Net current (liabilities)/assets	**(158,317)**	**24,446**	**147,097**	**159,925**
Total assets less current liabilities	**698,431**	**917,080**	**1,068,650**	**1,042,552**

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities:				
Lease liabilities	358,892	351,663	348,571	320,493
Provisions	5,313	6,381	7,314	7,819
Total non-current liabilities	**364,205**	**358,044**	**355,885**	**328,312**
NET ASSETS	**334,226**	**559,036**	**712,765**	**714,240**
CAPITAL AND RESERVES				
Share capital	34	39	39	39
Reserves	334,192	558,997	712,726	714,201
TOTAL EQUITY	**334,226**	**559,036**	**712,765**	**714,240**

Assets

Property, Plant and Equipment

Our property, plant and equipment consist of leasehold improvements, kitchen equipment, electronic equipment, motor vehicles, furniture and fixtures and other equipment, plant and buildings and construction in progress.

Our property, plant and equipment increased by 9.8% from RMB309.0 million as of December 31, 2022 to RMB339.3 million as of December 31, 2023, primarily due to increases in kitchen equipment, leasehold improvements and electronic equipment, mainly attributable to the expansion of our restaurant network in 2023.

Our property, plant and equipment increased by 10.0% from RMB339.3 million as of December 31, 2023 to RMB373.2 million as of December 31, 2024, primarily due to the increase in leasehold improvements as a result of continuous expansion of our restaurant network in 2024.

Our property, plant and equipment decreased by 2.7% from RMB373.2 million as of December 31, 2024 to RMB363.0 million as of March 31, 2025, primarily due to deceases in leasehold improvements as a result of depreciation and disposal.

Right-of-use Assets

Our right-of-use assets consist of leased properties and leasehold land. Our right-of-use assets remained relatively stable at RMB453.0 million and RMB452.1 million as of December 31, 2022 and 2023, respectively. Our right-of-use assets decreased by 2.2% from RMB452.1 million as of December 31, 2023 to RMB442.1 million as of December 31, 2024, and further decreased by 6.4% to RMB413.9 million as of March 31, 2025, primarily due to depreciation.

Intangible Assets

Our intangible assets consist of software and trademarks. Our intangible assets remained relatively stable at RMB6.9 million and RMB6.3 million as of December 31, 2022 and 2023, respectively. Our intangible assets decreased by 20.6% from RMB6.3 million as of December 31, 2023 to RMB5.0 million as of December 31, 2024, primarily due to amortization. Our intangible assets remained relatively stable at RMB5.2 million as of March 31, 2025 as compared to RMB5.0 million as of December 31, 2024.

Interest in Associates

Our interest in associates represents our equity investment in certain unlisted corporate entities. Our interest in associates increased from RMB1.5 million as of December 31, 2022 to RMB1.9 million as of December 31, 2023 and further to RMB2.5 million as of December 31, 2024, primarily due to our increased investment in upstream and downstream companies. Our interest in associates increased significantly from RMB2.5 million as of December 31, 2024 to RMB6.7 million as of March 31, 2025, primarily due to our investment in a U.S. company with restaurant operations as its principal activities in the first quarter of 2025.

Deferred Tax Assets

Our deferred tax assets primarily arise from unused tax losses, right-of-use assets and lease liabilities. Our deferred tax assets remained relatively stable at RMB65.9 million, RMB67.0 million and RMB66.5 million as of December 31, 2022, 2023 and 2024, respectively. Our deferred tax assets decreased from RMB66.5 million as of December 31, 2024 to RMB62.5 million as of March 31, 2025, primarily due to utilization of our accumulated losses for deduction.

Rental Deposits

Our rental deposits represent the deposits paid in advance as a guarantee for property rentals pursuant to certain lease agreements. Our rental deposits increased from RMB19.7 million as of December 31, 2022 to RMB24.3 million as of December 31, 2023 and further to RMB28.4 million as of December 31, 2024, primarily due to the increased leases we entered into as a result of our restaurant network expansion. Our rental deposits remained relatively stable at RMB28.6 million as of March 31, 2025, as compared to RMB28.4 million as of December 31, 2024.

Inventories

Our inventories consist of food ingredients, condiment product, beverage and other materials. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Food ingredients	108,001	117,823	81,563	56,657
Condiment product	23,864	31,423	30,915	27,403
Beverage	2,573	1,987	2,079	2,350
Other materials	11,564	8,452	10,033	10,189
Total	**146,002**	**159,685**	**124,590**	**96,599**

Our inventories increased from RMB146.0 million as of December 31, 2022 to RMB159.7 million as of December 31, 2023, primarily due to the expansion of our restaurant network and increased revenue scale. Our inventories then decreased from RMB159.7 million as of December 31, 2023 to RMB124.6 million as of December 31, 2024, primarily due to the decrease in procurement prices of certain food ingredients and condiment products. Our inventories decreased from RMB124.6 million as of December 31, 2024 to RMB96.6 million as of March 31, 2025, primarily because the procurement of certain food ingredients had not yet commenced in the first quarter of 2025.

The following table sets forth our inventory turnover days for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,
	2022	**2023**	**2024**	**2025**
Inventory turnover days[(1)]	122	80	70	43

Note:

(1) Our inventory turnover days for each period equals the average of the beginning and ending balances of inventories for that period divided by the amount of raw materials and consumables used for that period and multiplied by 365 days or 90 days.

Our inventory turnover days decreased from 122 days in 2022 to 80 days in 2023, primarily due to the slow consumption of inventories in 2022 as a result of the COVID-19 pandemic. Our inventory turnover days decreased from 80 days in 2023 to 70 days in 2024 and further decreased to 43 days in the three months ended March 31, 2025, primarily due to the accelerated consumption of our inventories driven by our increased table turnover rate and enhanced inventory management.

As of April 30, 2025, RMB72.7 million, or 75.2%, of our inventories as of March 31, 2025 had been subsequently sold or consumed.

Prepayments, Trade and Other Receivables

Prepayments, trade and other receivables consist of (i) receivables from third-party payment platforms and shopping malls, (ii) receivables from third parties who purchase condiment products and food from us, (iii) prepayments of inventories procurement, rental and property management expenses and plant, property and equipment and utility expenses, (iv) amounts due from related parties and (v) other receivables and deposits. The following table sets forth a breakdown of our prepayments, trade and other receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors	14,245	26,236	24,280	12,185
Less: loss allowance	(396)	(888)	(3,663)	(3,635)
	13,849	25,348	20,617	8,550
Other receivables and deposits	79,918	79,276	110,167	116,431
Less: loss allowance[(1)]	–	–	(17,371)	(17,371)
	79,918	79,276	92,796	99,060
Prepayments	34,851	43,782	51,659	48,220
Amounts due from related parties	15,924	23,263	–	–
Less: loss allowance[(1)]	–	(17,371)	–	–
	15,924	5,892	–	–
	144,542	154,298	165,072	155,830
Less: amount included under "non-current assets"	(856)	(1,662)	(3,854)	(2,682)
Total	**143,686**	**152,636**	**161,218**	**153,148**

Note:

(1) Such allowance related to the loans provided by us to Beijing Tao Niang, our then related party, which was established in the PRC in March 2022 with a principal business to deliver quick and affordable single-serving hotpot meals, and its subsidiaries. In 2023, we provided fully loss allowance of RMB17,371,000 for the loans to Beijing Tao Niang, considering such party's financial capability and our disposal plan. See Note 29 to the Accountants' Report included in Appendix I to this Document.

Our prepayments, trade and other receivables increased from RMB144.5 million as of December 31, 2022 to RMB154.3 million as of December 31, 2023, primarily due to (i) an increase in trade receivables and (ii) an increase in prepayments, both of which were generally in line with our revenue growth. Such increase was partially offset by a decrease in amounts due from related parties, as we made provisions for a portion of receivables due from a related party.

Our prepayments, trade and other receivables further increased to RMB165.1 million as of December 31, 2024, primarily due to (i) an increase in other receivables and deposits and (ii) an increase in prepayments, both of which were generally in line with our revenue growth and restaurant network expansion. Such increase was partially offset by a decrease in trade receivables, mainly attributable to the decrease in sales of condiment products and food ingredients from 2023 to 2024.

Our prepayments, trade and other receivables decreased from RMB165.1 million as of December 31, 2024 to RMB155.8 million as of March 31, 2025, primarily due to a decrease in trade receivables. The decrease in trade receivables was mainly attributable to relatively high balances as of December 31, 2024, as certain customers had made purchases of condiment products and food items near the end of 2024, with the corresponding receivables subsequently settled during the first quarter of 2025. Such decrease was partially offset by an increase in other receivables and deposits, as a result of our restaurant network expansion and business growth in the first quarter of 2025.

Our trade receivable turnover days, calculated by dividing the average of the beginning and ending balances of trade receivables for each period by the total revenue for that period and multiplied by 365 days or 90 days, were four days, three days, four days and two days in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	13,320	25,348	20,579	7,639
1-3 months	188	–	38	656
Over 3 months	341	–	–	255
Total	**13,849**	**25,348**	**20,617**	**8,550**

As of April 30, 2025, RMB11.5 million, or 94.1%, of our trade receivables as of March 31, 2025 had been subsequently settled.

Cash and Cash Equivalents and Restricted Bank Deposits

The restricted bank deposits represent the deposits with banks that were pledged for prepaid cards. Our cash and cash equivalents and restricted bank deposits were RMB349.4 million, RMB290.5 million and RMB244.8 million as of December 31, 2022, 2023 and 2024, respectively. The decreases were mainly due to our use of cash for investment in wealth management products. Our cash and cash equivalents and restricted bank deposits then increased to RMB294.3 million as of March 31, 2025 primarily due to the cash generated from our operating activities in the three months ended March 31, 2025.

Financial Assets at FVPL

Our financial assets at FVPL represent our investment in wealth management products. We generally invest in short-term wealth management products with principal not guaranteed and no predetermined or guaranteed return. Our financial assets at FVPL were nil, RMB115.2 million, RMB327.5 million and RMB367.0 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. The increases reflect our target and efforts to make better use of such cash by making appropriate investments to increase our income without interfering with our business operation or capital expenditures.

We have adopted internal policies and guidelines to monitor and control risks associated with our investment in wealth management products. Our investment strategy aims to optimize the efficiency of our short-term idle funds and minimize investment and financial risks. We make investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to risk control, our own working capital conditions, and liquidity, term and return rates of our investments. Specifically, we are only allowed by our internal policies and guidelines to invest in structured deposits, high-interest deposits and low-risk wealth management products issued by reputable commercial banks with maturities of no more than 12 months. Our fund management department is responsible for the proposal and evaluation of potential investment in wealth management products. The investment proposals shall be approved by our chief financial officer before the fund management department makes the investments. Our internal audit department may from time to time review the approval procedures of our investments to ensure compliance with our policies and assess the performance of our investment portfolio.

In the future, we may continue to invest in structured deposits and other low-risk financial products that are in our Group's interest upon thorough evaluations and analysis, and we will ensure that all such investments comply with the applicable laws and regulations, including the relevant requirements under Chapter 14 of the Listing Rules after the [**REDACTED**].

Liabilities

Trade and Other Payables

Trade and other payables consist of (i) payables due to third-party and related suppliers of food ingredients, third-party logistics service providers and other third-party service providers; (ii) other payables and accrued charges, mainly including staff salary payables, tax payables, payables for construction work and equipment, payables in relation to our restaurants, and deposits; and (iii) amounts due to related parties. The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	30,857	49,853	66,853	47,615
Other payables and accrued charges	90,432	126,797	148,863	120,218
Dividend payable	–	–	–	70,000
Amounts due to related parties	426	631	733	773
Total	**121,715**	**177,281**	**216,449**	**238,606**

Our trade and other payables increased from RMB121.7 million as of December 31, 2022 to RMB177.3 million as of December 31, 2023, and further to RMB216.4 million as of December 31, 2024, primarily due to the expansion of our restaurant network and our revenue growth. Our trade and other payables increased from RMB216.4 million as of December 31, 2024 to RMB238.6 million as of March 31, 2025, primarily due to the dividends with an aggregate amount of RMB70.0 million which were declared in January 2025 and had not been paid to our Shareholders as of March 31, 2025. Such increase was partially offset by a decrease in other payables and accrued charges mainly attributable to our fully payment of the one-off cash bonuses to our key employees.

The following table sets forth our trade payable turnover days for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
Trade payable turnover days(1)	33	21	29	22

Note:

(1) Our trade payable turnover days for each period equals the average of the beginning and ending balances of trade payables for that period divided by the cost of raw materials and consumables used for that period and multiplied by 365 days or 90 days.

Our trade payable turnover days decreased from 33 days in 2022 to 21 days in 2023, mainly because we proactively shortened the payment cycle to our suppliers to support their operation post-pandemic. Our trade payable turnover days increased from 21 days in 2023 to 29 days in 2024, primarily because our payment cycle returned to the normal level along with the development of our business operations. Our trade payable turnover days then decreased to 22 days in the three months ended March 31, 2025, primarily due to a decrease in our trade payables as of March 31, 2025, mainly because we typically make bulk procurement after the first quarter of each year, which generally has longer payment cycles.

The following table sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	30,836	49,504	66,457	47,408
1 to 2 years	21	332	190	100
Over 2 years	–	17	206	107
Total	**30,857**	**49,853**	**66,853**	**47,615**

As of April 30, 2025, RMB46.4 million, or 95.9%, of our trade payables as of March 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities comprise prepaid cards, award credits that our customers have accumulated but not yet redeemed or expired in relation to our customer membership programs, and contract liabilities related to sales of products representing advances from customers for our products. The table below sets forth our contract liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities related to prepaid cards	39,807	39,726	43,038	40,902
Contract liabilities related to customer membership programs	9,792	16,631	15,435	20,548
Contract liabilities related to sales of products	580	599	990	1,571
Total	**50,179**	**56,956**	**59,463**	**63,021**

Our contract liabilities increased from RMB50.2 million as of December 31, 2022 to RMB57.0 million as of December 31, 2023 and further to RMB59.5 million as of December 31, 2024, primarily due to the increase in prepaid cards and the increase in contract liabilities related to customer membership programs, driven by the expansion of our restaurant network and our overall business growth. Our contract liabilities increased from RMB59.5 million as of December 31, 2024 to RMB63.0 million as of March 31, 2025, primarily due to the increase in contract liabilities related to customer membership programs, driven by our overall business growth.

As of April 30, 2025, RMB9.4 million, or 14.9% of our contract liabilities as of March 31, 2025 had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from operating activities and equity financings. As of March 31, 2025, we had RMB272.6 million of cash and cash equivalents. We do not anticipate any material changes to the availability of financing to fund our operations in the future. Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities, cash flows from operating activities and [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this Document.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of April 30,
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets:					
Inventories	146,002	159,685	124,590	96,599	109,654
Prepayments, trade and other receivables	143,686	152,636	161,218	153,148	160,295
Current tax recoverable	5,652	4,259	5,884	5,213	6,477
Restricted bank deposits	17,204	21,700	21,700	21,700	21,700
Cash and cash equivalents	332,183	268,842	223,083	272,550	243,466
Financial assets at fair value through profit or loss ("FVPL")	–	115,223	327,531	366,992	407,489
Total current assets	**644,727**	**722,345**	**864,006**	**916,202**	**949,081**
Current liabilities:					
Trade and other payables	121,715	177,281	216,449	238,606	233,708
Contract liabilities	50,179	56,956	59,463	63,021	90,771
Lease liabilities	111,911	122,325	123,579	126,746	139,179
Bank loans	100,117	–	–	–	–
Redemption liabilities	413,295	327,113	301,482	306,078	307,610
Current tax payable	5,827	14,224	15,936	21,826	9,583
Total current liabilities	**803,044**	**697,899**	**716,909**	**756,277**	**780,851**
Net current (liabilities)/assets	**(158,317)**	**24,446**	**147,097**	**159,925**	**168,230**

Our net current assets increased from RMB159.9 million as of March 31, 2025 to RMB168.2 million as of April 30, 2025, primarily due to the profit we recorded and the cash generated from our operating activities in April 2025.

Our net current assets increased from RMB147.1 million as of December 31, 2024 to RMB159.9 million as of March 31, 2025, primarily due to (i) an increase in cash and cash equivalents of RMB49.5 million and (ii) an increase in financial assets at FVPL of RMB39.5 million in relation to our increased investment in wealth management products, partially offset by (i) a decrease in inventories of RMB28.0 million and (ii) an increase in trade and other payables of RMB22.2 million.

Our net current assets increased from RMB24.4 million as of December 31, 2023 to RMB147.1 million as of December 31, 2024, primarily due to an increase in financial assets at FVPL of RMB212.3 million in relation to our increased investment in wealth management products, partially offset by (i) a decrease in cash and cash equivalents of RMB45.8 million, (ii) an increase in trade and other payables of RMB39.2 million in line with our business growth and (iii) a decrease in inventories of RMB35.1 million attributable to the decreased procurement prices.

We had net current liabilities of RMB158.3 million as of December 31, 2022 and turned to net current assets of RMB24.4 million as of December 31, 2023, primarily due to (i) the financial assets at FVPL of RMB115.2 million in relation to our investment in wealth management products, (ii) a decrease in bank loans of RMB100.1 million upon repayment in 2023 and (iii) a decrease in redemption liabilities of RMB86.2 million as a result of the conversion of a portion of preferred shares into our ordinary shares, partially offset by (i) a decrease in cash and cash equivalents of RMB63.3 million and (ii) an increase in trade and other payables of RMB55.6 million in line with our business growth.

Cash Flows

The following table sets forth our cash flows for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash generated from operating activities	262,389	428,573	494,721	161,400	148,997
Net cash used in investing activities	(107,163)	(252,995)	(360,978)	(120,015)	(62,588)
Net cash generated from/(used in) financing activities	56,520	(239,465)	(180,588)	(28,975)	(36,597)
Net increase/ (decrease) in cash and cash equivalents	**211,746**	**(63,887)**	**(46,845)**	**12,410**	**49,812**
Cash and cash equivalents as of January 1	120,437	332,183	268,842	268,842	223,083
Effect of foreign exchange rate changes	–	546	1,086	(361)	(345)
Cash and cash equivalents as of December 31/ March 31	**332,183**	**268,842**	**223,083**	**280,891**	**272,550**

Operating Activities

Net cash flows generated from operating activities in the three months ended March 31, 2025 were RMB149.0 million, which primarily consists of profit before taxation of RMB73.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB35.3 million, (ii) depreciation and amortization of other assets of RMB28.9 million and (iii) equity-settled share-based payment expenses of RMB16.3 million. The amount was further adjusted by changes in working capital, primarily including a decrease in inventories of RMB28.0 million, partially offset by a decrease in trade and other payables of RMB43.7 million.

Net cash flows generated from operating activities in 2024 were RMB494.7 million, which primarily consists of profit before taxation of RMB165.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB132.7 million and (ii) depreciation and amortization of other assets of RMB104.8 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and other payables of RMB52.9 million and (ii) a decrease in inventories of RMB35.1 million, partially offset by an increase in prepayments, trade and other receivables and rental deposits of RMB16.9 million.

Net cash flows generated from operating activities in 2023 were RMB428.6 million, which primarily consists of profit before taxation of RMB140.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB121.8 million and (ii) depreciation and amortization of other assets of RMB108.7 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and other payables of RMB46.9 million, partially offset by (i) an increase in prepayments, trade and other receivables and rental deposits of RMB35.2 million and (ii) an increase in inventories of RMB13.7 million.

Net cash flows generated from operating activities in 2022 were RMB262.4 million, which primarily consists of profit before taxation of RMB7.9 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation and amortization of other assets of RMB111.3 million and (ii) depreciation of right-of-use assets of RMB108.3 million. The amount was further adjusted by changes in working capital, primarily including a decrease in inventories of RMB31.4 million, partially offset by an increase in prepayments, trade and other receivables and rental deposits of RMB15.2 million.

Investing Activities

Net cash flows used in investing activities in the three months ended March 31, 2025 were RMB62.6 million, which primarily consists of (i) payment for purchase of financial assets measured at FVPL, net of RMB37.7 million and (ii) payment for purchases of property, plant and equipment of RMB21.8 million.

Net cash flows used in investing activities in 2024 were RMB361.0 million, which primarily consist of (i) payment for purchase of financial assets measured at FVPL, net of RMB205.8 million and (ii) payment for purchases of property, plant and equipment of RMB162.7 million, partially offset by interest received of RMB7.5 million.

Net cash flows used in investing activities in 2023 were RMB253.0 million, which primarily consist of (i) payment for purchases of property, plant and equipment of RMB144.1 million and (ii) payment for purchase of financial assets measured at FVPL, net of RMB113.3 million, partially offset by interest received of RMB3.6 million.

Net cash flows used in investing activities in 2022 were RMB107.2 million, which primarily consists of payment for purchases of property, plant and equipment of RMB110.9 million, partially offset by (i) proceeds from disposal of property, plant and equipment of RMB4.0 million and (ii) proceed from disposal of an associate of RMB3.0 million.

Financing Activities

Net cash flows used in financing activities in the three months ended March 31, 2025 were RMB36.6 million, which primarily consists of (i) payment of capital element of lease liabilities of RMB30.4 million and (ii) payment of interest element of lease liabilities of RMB6.0 million.

Net cash flows used in financing activities in 2024 were RMB180.6 million, which primarily consist of payment of capital element of lease liabilities of RMB116.0 million, (ii) payment for redemption of preferred shares of RMB39.4 million and (iii) payment of interest element of lease liabilities of RMB25.0 million.

Net cash flows used in financing activities in 2023 were RMB239.5 million, which primarily consist of (i) payment of capital element of lease liabilities of RMB112.2 million, (ii) repayment of bank loans of RMB100.0 million and (iii) payment of interest element of lease liabilities of RMB24.6 million.

Net cash flows generated from financing activities in 2022 were RMB56.5 million, which primarily consist of (i) contribution by the shareholders of the companies now comprising our Group of RMB126.0 million and (ii) proceeds from bank loans of RMB100.0 million, partially offset by (i) repayment of bank borrowings of RMB73.5 million, (ii) payment of capital element of lease liabilities of RMB72.9 million and (iii) payment of interest element of lease liabilities of RMB22.5 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness included bank loans, lease liabilities and redemption liabilities.

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of March 31,	As of April 30,
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current:					
Lease liabilities	111,911	122,325	123,579	126,746	139,179
Bank loans	100,117	–	–	–	–
Redemption liabilities	413,295	327,113	301,482	306,078	307,610
Non-current:					
Lease liabilities	358,892	351,663	348,571	320,493	303,346
Total	**984,215**	**801,101**	**773,632**	**753,317**	**750,135**

Bank Loans

Our bank loans amounted to RMB100.1 million as of December 31, 2022, which were fully repaid in 2023. As a result, we had no outstanding bank loans as of December 31, 2023 and 2024, March 31, 2025 and April 30, 2025. See Note 21 to the Accountants' Report included in Appendix I to this Document. As of April 30, 2025, being the most recent practicable date for determining our indebtedness, we had unutilized bank facilities of RMB200.0 million.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our bank loans did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults on trade and non-trade payables and borrowings, and/or breaches of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Lease Liabilities

Our lease liabilities pertain to payment obligations for properties leased primarily as our restaurants and offices. Our lease liabilities, including current and non-current portion, amounted to RMB470.8 million, RMB474.0 million, RMB472.2 million, RMB447.2 million and RMB442.5 million as of December 31, 2022, 2023 and 2024 and March 31, 2025 and April 30, 2025, respectively.

Redemption Liabilities

Our redemption liabilities represent redeemable equity interests or convertible redeemable preferred shares issued to certain investors in our Series Angel and Series A financing. See Note 22 to the Accountants' Report included in Appendix I to this Document for more details. As of December 31, 2022, 2023 and 2024 and March 31, 2025 and April 30, 2025, our redemption liabilities were RMB413.3 million, RMB327.1 million, RMB301.5 million, RMB306.1 million and RMB307.6 million, respectively. The convertible redeemable preferred shares will be reclassified from redemption liabilities to equity as a result of automatic conversion into ordinary shares upon our [**REDACTED**].

Indebtedness Statement

Except as otherwise disclosed in this Document, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of April 30, 2025, being the latest practicable date for determining our indebtedness.

Our Directors confirm that there has been no material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we did not have any contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures are incurred primarily for restaurant renovation, equipment acquisition and construction of centralized kitchens and production facilities. Our capital expenditures amounted to RMB112.9 million, RMB145.6 million, RMB163.4 million and RMB22.4 million in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of [**REDACTED**]—Use of [**REDACTED**]." We intend to fund our future capital expenditures with financial resources available to us, including cash generated from our business operations, the [**REDACTED**] from the [**REDACTED**], and bank borrowings available to us.

CAPITAL COMMITMENTS

Our capital commitments mainly represent the amount to be invested in new restaurants, including leasehold improvements and equipment. The table below sets forth our capital commitments as of the dates indicated.

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment	22,488	34,186	7,325	11,125
Authorized but not contracted for acquisition of property, plant and equipment	4,125	–	226	226
	26,613	34,186	7,551	11,351

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the year ended/As of December 31,			For the three months ended/As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Adjusted net profit margin (non-IFRS measure)[(1)]	2.9%	6.8%	8.5%	10.8%
Current ratio[(2)]	0.8	1.0	1.2	1.2
Quick ratio[(3)]	0.6	0.8	1.0	1.1

Notes:

(1) Equals adjusted profit/(loss) for the year/period (non-IFRS measure) divided by revenue for the same year/period and multiplied by 100%.

(2) Equals current assets divided by current liabilities as of the same date.

(3) Equals current assets less inventories and divided by current liabilities as of the same date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 29 to the Accountants' Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 29 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to various types of risks, including credit risk, liquidity risk, interest rate risk and currency risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to trade and other receivables.

Our exposure to credit risk arising from cash and cash equivalents and restricted deposits is limited because the counterparties are banks and financial institutions with high credit, for which we consider having low credit risk.

Our exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

Our trade debtors in connection with bills settled through third-party payment platforms such as Unionpay, Alipay or Weixin Pay are with high credit rating and no past due history. Our management considers these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers during the Track Record Period, and accordingly, no provision for impairment of trade debtors in connection with bills settled through payment platforms is considered necessary by management for the Track Record Period.

We have concentration of credit risk on trade debtors due from third parties and related parties. Our management has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. We measure loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix. In determining the ECL for other receivables (excluding rental deposits), our management has taken into account the historical default experience and forward-looking information, as appropriate. We do not provide any guarantee which would expose us to credit risk. See Note 27(a) to the Accountants' Report included in Appendix I to this Document for more details.

Liquidity Risk

In management of liquidity risk, our policy is to regularly monitor our liquidity requirements and compliance with lending covenants, to ensure that we maintain sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. See Note 27(b) to the Accountants' Report included in Appendix I to this Document for more details.

Interest Risk

Our interest rate risk arises primarily from bank loans. Borrowings issued at fixed rates expose our Group to cash flow fair value interest rate risk. See Note 27(c) to the Accountants' Report included in Appendix I to this document for our interest rate profile.

We do not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the end of a period would not affect profit or loss. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by us, such as cash and cash equivalents, at the end of the Track Record Period, we are not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly. Overall, our exposure to interest rate risk is not significant.

Currency Risk

As our principal activities are carried out in the PRC, our transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

We are exposed to currency risk primarily from cash and cash equivalents that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. Our currency risk mainly arises from transactions denominated in USD. See Note 27(d) to the Accountants' Report included in Appendix I to this Document for more details.

DIVIDENDS

Our Company is a holding company registered by way of continuation under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will depend on the availability of dividends received from our subsidiaries.

In January 2025, we declared dividends of RMB70.0 million to our Shareholders and such dividends had been fully paid as of the Latest Practicable Date. Other than this, no dividend was declared or paid by the Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Distribution of dividends shall be decided by our Board of Directors at their discretion in compliance with the applicable laws and regulations. A decision to declare or to pay any dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits of our subsidiaries and dividends they pay to us, future plans and business prospects, market conditions, the Articles, regulatory restrictions and our contractual obligations. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

DISTRIBUTABLE RESERVES

As of March 31, 2025, our share premium and retained earnings were RMB468.0 million, which represents our distributable reserves of our Group as of the same date.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since March 31, 2025, being the end date of our latest audited financial statements, and there has been no event since March 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

[**REDACTED**]

"FUTURE PLANS

See "Business — Our Growth Strategies."

USE OF [REDACTED]

We estimate that the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**] stated in this Document), will be HK$ [**REDACTED**], after deduction of [**REDACTED**] and [**REDACTED**] and estimated [**REDACTED**] payable by us in connection with the [**REDACTED**].

We intend to use the [**REDACTED**] of this [**REDACTED**] for the following purposes:

(1) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for expanding our self-operated restaurant network, thereby broadening our geographical coverage and deepening our market penetration. We will further increase the density of restaurants in key cities where brand potential has already been established, and gradually expand to the surrounding prefecture-level cities with a sound consumption base. At the same time, we will enter into new potential regional markets to accelerate nationwide establishment.

We plan to open approximately 52, 61 and 64 new restaurants in China from 2026 to 2028. Over the next three years, we plan to invest approximately RMB [**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**] into the opening of new restaurants, respectively. The average upfront investment for each new restaurant is expected to be less than RMB[**REDACTED**], which is mainly used for restaurant decoration and equipment purchases, launch expenses, and materials consumed during openings.

(a) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is to be used for restaurant decoration and equipment purchases. We typically engage qualified suppliers based on their experience with chain restaurant fit-outs, adherence to our brand design standards, and ability to deliver within our project timeline. Each new restaurant is expected to purchase equipment such as kitchen systems, fire safety, and cold-chain appliances.

(b) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is to be used for the expenses for launching of new restaurants, including expenditures such as staff salaries, pre-opening marketing and promotional materials, and other relevant expenses.

(c) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is to be used for materials consumed during restaurant openings, including consumables for the kitchen and dining area, tableware, uniforms, and other initial items.

(2) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used to enhance the digitalization of our business management and restaurant operations.

(a) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for investment in restaurant operations management, including the introduction or upgrade of our operation management systems, human resource management systems, product management systems, and standard management systems to improve the restaurant operational efficiency.

(b) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to upgrade our information systems to enhance customer experience. This includes the enhancement of our membership management system to support more refined customer engagement, as well as the improvement of our service evaluation mechanism to better capture and respond to customer feedback.

(c) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be invested in digital infrastructure, covering key areas such as cloud resources, collaborative offices, and information security, providing robust and sound support for business efficiency improvement as well as risk prevention and control.

(3) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for brand building. We plan to enhance our premium brand image and differentiated value proposition through advertising across core lifestyle media such as television, online video platforms, as well as large-scale outdoor advertisements in high-traffic locations including major airports, high-speed railway stations, and landmark commercial districts in key cities. We also intend to collaborate with high-end publications to further amplify our brand presence. We will continue to invest in content creation across major social and content platforms such as Weixin, Weibo, Douyin, Xiaohongshu, and Bilibili. This includes quality, interactive content featuring brand storytelling, product sourcing (e.g., origin tracing of key ingredients like beef tripe and wild mushrooms), food culture, and dining experiences, all aimed at enhancing user engagement and brand affinity. We plan to host brand tasting events, brand display stations and themed store activations to create immersive brand experiences and foster emotional connections with our target customers.

(4) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for the supply chain enhancement, including building and expansion of our central kitchens and satellite warehouses. Based on our national expansion strategy and our presence in key regions, we plan to invest in central kitchen expansion and upgrades, as well as satellite warehouse construction to support future restaurant operations.

(a) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is to be used for the building of central kitchens in Eastern and Southern China.

- The new central kitchen in Eastern China will be located in Jiangsu with an estimated area of approximately 10,000 sq.m.. This new central kitchen is expected to cover the Yangtze River Delta region and to supply over 200 restaurants.

- The new central kitchen in Southern China will be located near Dongguan with an estimated area of 7,000 sq.m., serving Shenzhen, Guangzhou and other cities in the Pearl River Delta region. This new central kitchen is expected to cover over 100 restaurants.

(b) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for the construction of satellite warehouses. To support our market penetration in lower-tier cities and strengthen our supply chain in Central China, we plan to build warehouses in Henan, Shaanxi, Hubei, Hebei, Anhui, Zhejiang and Jiangsu provinces. The estimated investment for each site is expected to range from approximately RMB4.0 million to approximately RMB5.0 million, including plant construction and equipment.

(c) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for the expansion of our central kitchen in Central China. We plan to expand our existing warehouse by 5,000 sq.m. to support regional restaurants.

(5) Approximately [**REDACTED**]%, or HK$[**REDACTED**], is to be used for working capital and general corporate purposes.

The above allocation of [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the [**REDACTED**] of the estimated [**REDACTED**].

If the [**REDACTED**] is exercised in full, the [**REDACTED**] to be received by us will be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the [**REDACTED**] of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional [**REDACTED**] to the above purposes in the proportions stated above.

To the extent that the [**REDACTED**] are not immediately applied to the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net [**REDACTED**] into short-term demand deposits with licensed banks or authorized financial institutions in Hong Kong or the PRC. We will issue an appropriate announcement in the event of any change to the above proposed use of [**REDACTED**], or if any amount of the [**REDACTED**] is to be used for general corporate purposes.

[**REDACTED**]

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The following is the text of a report set out on pages I-1 to I-72, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BANU INTERNATIONAL HOLDING LTD, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Banu International Holding Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-72, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 March 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-72 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023 and 2024 and 31 March 2025 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the three months ended 31 March 2024 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26(d) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[●]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Years ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	4	1,433,138	2,111,569	2,307,269	563,905	708,732
Other revenue	5	12,109	21,650	37,373	5,927	4,742
Raw materials and consumables used	15	(484,069)	(701,333)	(740,893)	(179,837)	(229,112)
Staff costs	6(b)	(467,529)	(635,116)	(774,962)	(189,454)	(242,260)
Depreciation of right-of-use assets	6(e)	(108,297)	(121,808)	(132,685)	(31,983)	(35,256)
Other rentals and related expenses		(29,049)	(44,248)	(55,665)	(10,959)	(18,495)
Depreciation and amortisation of other assets	6(e)	(111,274)	(108,716)	(104,760)	(27,690)	(28,924)
Utility expenses		(63,485)	(84,399)	(89,980)	(20,478)	(23,894)
Travelling and related expenses		(5,080)	(13,630)	(13,248)	(2,726)	(3,007)
Advertising and promotion expenses		(46,087)	(76,567)	(100,868)	(17,733)	(24,224)
Other expenses	6(d)	(80,674)	(142,326)	(114,217)	(26,917)	(23,895)
Share of (losses)/profits of associates	14	(1,714)	402	35	(4)	(205)
Other net gains/(losses)	6(c)	8,179	(5,926)	(1,862)	2,335	(369)
Finance costs	6(a)	(23,597)	(26,578)	(25,421)	(6,518)	(6,086)
Changes in carrying amount of the redemption liabilities		(24,699)	(23,747)	(21,132)	(5,445)	(4,596)
Impairment losses of property, plant and equipment		–	(9,176)	(3,472)	(1,652)	–
Profit before taxation	6	7,872	140,051	165,512	50,771	73,151
Income tax	7	(13,062)	(38,335)	(42,572)	(15,743)	(17,989)
Profit/(loss) and total comprehensive income for the year/period		(5,190)	101,716	122,940	35,028	55,162
Attributable to:						
Equity shareholders of the Company		(5,019)	101,716	122,940	35,028	55,162
Non-controlling interests		(171)	–	–	–	–
		(5,190)	101,716	122,940	35,028	55,162
Earnings per share						
Basic and diluted	10	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December			As at 31 March
	Note	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	308,951	339,301	373,182	363,003
Right-of-use assets	*11*	452,980	452,096	442,100	413,929
Intangible assets	*12*	6,871	6,336	5,032	5,169
Interests in associates	*14*	1,503	1,905	2,465	6,748
Deferred tax assets	*23(b)*	65,935	67,043	66,547	62,465
Rental deposits		19,652	24,291	28,373	28,631
Prepayments	*16*	856	1,662	3,854	2,682
		856,748	892,634	921,553	882,627
Current assets					
Inventories	*15*	146,002	159,685	124,590	96,599
Prepayments, trade and other receivables	*16*	143,686	152,636	161,218	153,148
Current tax recoverable	*23(a)*	5,652	4,259	5,884	5,213
Restricted bank deposits	*17(a)*	17,204	21,700	21,700	21,700
Cash and cash equivalents	*17(a)*	332,183	268,842	223,083	272,550
Financial assets at fair value through profit or loss ("FVPL")	*27(e)*	–	115,223	327,531	366,992
		644,727	722,345	864,006	916,202
Current liabilities					
Trade and other payables	*18*	121,715	177,281	216,449	238,606
Contract liabilities	*19*	50,179	56,956	59,463	63,021
Lease liabilities	*20*	111,911	122,325	123,579	126,746
Bank loans	*21*	100,117	–	–	–
Redemption liabilities	*22*	413,295	327,113	301,482	306,078
Current tax payable	*23(a)*	5,827	14,224	15,936	21,826
		803,044	697,899	716,909	756,277
Net current (liabilities)/assets		(158,317)	24,446	147,097	159,925
Total assets less current liabilities		698,431	917,080	1,068,650	1,042,552
Non-current liabilities					
Lease liabilities	*20*	358,892	351,663	348,571	320,493
Provisions	*24*	5,313	6,381	7,314	7,819
		364,205	358,044	355,885	328,312

		As at 31 December			As at 31 March
	Note	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NET ASSETS		334,226	559,036	712,765	714,240
CAPITAL AND RESERVES					
Share capital	*26(a)*	34	39	39	39
Reserves	*26(c)*	334,192	558,997	712,726	714,201
TOTAL EQUITY		334,226	559,036	712,765	714,240

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current asset					
Investments in subsidiaries	*13*	12,208	863,357	885,157	899,681
Current assets					
Other receivables	*16*	34	36	2,832	6,489
Cash and cash equivalents	*17(a)*	–	47	81	70
		34	83	2,913	6,559
Current liabilities					
Other payables	*18*	–*	–	42,602	116,192
Redemption liabilities	*22*	–	327,113	301,482	306,078
		–	327,113	344,084	422,270
Net current liabilities		34	(327,030)	(341,171)	(415,711)
Total assets less current liabilities		12,242	536,327	543,986	483,970
NET ASSETS		12,242	536,327	543,986	483,970
CAPITAL AND RESERVES	*26(b)*				
Share capital		34	39	39	39
Reserves		12,208	536,288	543,947	483,931
TOTAL EQUITY		12,242	536,327	543,986	483,970

* The amount is less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Share premium**	**Capital reserve**	**Share-based payments reserve**	**Statutory reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 26(a)	*Note 26(c)(i)*	*Note 26(c)(ii)*	*Note 26(c)(iii)*	*Note 26(c)(iv)*				
Balance at 1 January 2022		–	–	486,510	41,719	5,472	(151,122)	382,579	(963)	381,616
Loss and total comprehensive income for the year		–	–	–	–	–	(5,019)	(5,019)	(171)	(5,190)
Issue of new shares	*26(a)*	34	–	–	–	–	–	34	–	34
Appropriation to statutory reserve	*26(c)(iv)*	–	–	–	–	8,074	(8,074)	–	–	–
Capital contribution by equity shareholders of companies now comprising the Group	*26(c)(ii)*	–	–	186,000	–	–	–	186,000	–	186,000
Recognition of redemption liabilities	*26(c)(ii)*	–	–	(250,000)	–	–	–	(250,000)	–	(250,000)
Equity-settled share-based transactions	*25*	–	–	–	21,946	–	–	21,946	–	21,946
Acquisition of non-controlling interests	*26(c)(ii)*	–	–	(1,314)	–	–	–	(1,314)	1,134	(180)
Balance at 31 December 2022		34	–	421,196	63,665	13,546	(164,215)	334,226	–	334,226

	Note	**Share capital**	**Share premium**	**Capital reserve**	**Share-based payments reserve**	**Statutory reserve**	**Accumulated losses**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 26(a)	*Note 26(c)(i)*	*Note 26(c)(ii)*	*Note 26(c)(iii)*	*Note 26(c)(iv)*		
Balance at 1 January 2023		34	–	421,196	63,665	13,546	(164,215)	334,226
Profit and total comprehensive income for the year		–	–	–	–	–	101,716	101,716
Reorganisation	*26(a)/ 26(c)(i)/ 26(c)(ii)*	3	463,918	(468,000)	–	–	–	(4,079)
Reclassification of redemption liabilities to equity	*26(c)(ii)*	2	–	109,929	–	–	–	109,931
Appropriation to statutory reserve	*26(c)(iv)*	–	–	–	–	15,413	(15,413)	–
Equity-settled share-based transactions	*25*	–	–	–	17,242	–	–	17,242
Balance at 31 December 2023		39	463,918	63,125	80,907	28,959	(77,912)	559,036

The accompanying notes form part of the Historical Financial Information.

	Note	**Share capital**	**Share premium**	**Capital reserve**	**Share-based payments reserve**	**Statutory reserve**	**(Accumulated losses)/ retained profits**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 26(a)	*Note 26(c)(i)*	*Note 26(c)(ii)*	*Note 26(c)(iii)*	*Note 26(c)(iv)*		
Balance at 1 January 2024		39	463,918	63,125	80,907	28,959	(77,912)	559,036
Profit and total comprehensive income for the year		–	–	–	–	–	122,940	122,940
Appropriation to statutory reserve	*26(c)(iv)*	–	–	–	–	18,159	(18,159)	–
Repurchase of Series A Preferred Shares	*26(c)(ii)*	–	–	7,409	–	–	–	7,409
Equity-settled share-based transactions	*25*	–	–	–	23,380	–	–	23,380
Balance at 31 December 2024		39	463,918	70,534	104,287	47,118	26,869	712,765
Balance at 1 January 2025		39	463,918	70,534	104,287	47,118	26,869	712,765
Profit and total comprehensive income for the period		–	–	–	–	–	55,162	55,162
Appropriation to statutory reserve	*26(c)(iv)*	–	–	–	–	7,923	(7,923)	–
Equity-settled share-based transactions	*25*	–	–	–	16,313	–	–	16,313
Dividends declared	*26(d)*	–	(70,000)	–	–	–	–	(70,000)
Balance at 31 March 2025		39	393,918	70,534	120,600	55,041	74,108	714,240

The accompanying notes form part of the Historical Financial Information.

(unaudited)	*Note*	Share capital	Share premium	Capital reserve	Share-based payments reserve	Statutory reserve	Accumulated losses	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 26(a)	*Note 26(c)(i)*	*Note 26(c)(ii)*	*Note 26(c)(iii)*	*Note 26(c)(iv)*		
Balance at 1 January 2024		39	463,918	63,125	80,907	28,959	(77,912)	559,036
Profit and total comprehensive income for the period		–	–	–	–	–	35,028	35,028
Appropriation to statutory reserve	*26(c)(iv)*	–	–	–	–	5,840	(5,840)	–
Equity-settled share-based transactions	*25*	–	–	–	17,074	–	–	17,074
Balance at 31 March 2024		39	463,918	63,125	97,981	34,799	(48,724)	611,138

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Years ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Operating activities						
Cash generated from operations	*17(b)*	302,346	458,226	536,710	171,750	156,343
Income tax paid	*23(a)*	(39,957)	(29,653)	(41,989)	(10,350)	(7,346)
Net cash generated from operating activities		262,389	428,573	494,721	161,400	148,997
Investing activities						
Payment for purchases of property, plant and equipment		(110,920)	(144,131)	(162,708)	(38,540)	(21,777)
Payment for purchases of intangible assets		(1,933)	(1,514)	(717)	(171)	(636)
Proceeds from disposals of property, plant and equipment		3,950	609	1,538	932	645
Capital contributions to associates		(1,473)	–	(525)	–	(4,488)
Proceeds from disposal of an associate		3,000	–	–	–	–
Dividend received from an associate		272	–	–	–	–
Repayment of loan to a third party		1,290	2,210	–	–	–
Proceeds from disposal/ (payment for purchases) of financial assets measured at FVPL, net		1,014	(113,281)	(205,752)	(83,645)	(37,656)
Interest received		1,434	3,606	7,494	1,670	1,453
Payment for restoration provision		(280)	(494)	(308)	(261)	(129)
Proceeds from disposals of subsidiaries, net off cash disposed		(3,517)	–	–	–	–
Net cash used in investing activities		(107,163)	(252,995)	(360,978)	(120,015)	(62,588)

		Years ended 31 December			Three months ended 31 March	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Financing activities						
Proceeds from bank loans	*17(c)*	100,000	–	–	–	–
Repayment of bank loans	*17(c)*	(73,500)	(100,000)	–	–	–
Payment of capital element of lease liabilities	*17(c)*	(72,888)	(112,177)	(116,046)	(22,547)	(30,399)
Payment of interest element of lease liabilities	*17(c)*	(22,473)	(24,617)	(25,037)	(6,428)	(5,996)
Interest of bank loans paid	*17(c)*	(376)	(1,746)	–	–	–
Contribution by the shareholders of the companies now comprising the Group		126,000	–	–	–	–
Payment for acquisition of non-controlling interest in a subsidiary		(180)	–	–	–	–
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payment relating to reorganisation, net		–	(504)	–	–	–
Payment for repurchase of preferred shares		–	–	(39,354)	–	–
Net cash generated from/(used in) financing activities		56,520	(239,465)	(180,588)	(28,975)	(36,597)
Net increase/(decrease) in cash and cash equivalents		211,746	(63,887)	(46,845)	12,410	49,812
Cash and cash equivalents at 1 January		120,437	332,183	268,842	268,842	223,083
Effect of foreign exchange rate changes		–	546	1,086	(361)	(345)
Cash and cash equivalents at 31 December/31 March	*17(a)*	332,183	268,842	223,083	280,891	272,550

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Banu International Holding Ltd (the "Company") was incorporated in the Cayman Islands on 23 November 2022, as an exempted company with limited liability under the Companies Act (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the group reorganisation mentioned below ("Reorganisation") and detailed in the section headed "History, Reorganisation and Corporate Structure" in the Document. During the Relevant Periods, the Company and its subsidiaries (together, the "Group") are principally engaged in restaurant operation related services and sales of condiment products and food ingredients in the People's Republic of China (the "PRC").

Prior to the Reorganisation, the above mentioned principal activities were carried out by Banu Beef Tripe Hotpot Co., Ltd.* (巴奴毛肚火鍋有限公司, "Banu Hotpot") and its subsidiaries. To rationalise the corporate structure in preparation of the [**REDACTED**] of the Company's shares on The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation. The Reorganisation only involved interspersing several newly formed investment holding entities with no substantive business operations as the new holding companies of Banu Hotpot. There were no changes in the economic substance of the ownership and the business of the Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Banu Hotpot with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods, or since their respective dates of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 31 March 2025 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation or establishment, where applicable. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company, as it has not carried on any business since the date of incorporation and is investment holding company and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

* The official name of the entity is in Chinese. The English translation of the name is for identification purpose only.

As at 31 December 2022, 2023 and 2024 and 31 March 2025 and the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered capital	Particulars of paid-up capital	Effective interest held by the Group					Principal activities
				As at 31 December			As at 31 March	At the date of this report	
				2022	2023	2024	2025		
Delicious Forest Catering Management (Zhengzhou) Co., Ltd. 美味森林餐飲管理(鄭州)有限公司 *(notes (i)(iv)(v)(vi))*	The PRC 15/03/2023	RMB600,000,000	RMB487,820,000	–	100%	100%	100%	100%	Investment Holding
Banu Hotpot *(notes (i)(iii)(iv)(vi))*	The PRC 25/11/2015	RMB620,330,000	RMB538,150,000	100%	100%	100%	100%	100%	Management of catering service
Zhengzhou Banu Tripe Hotpot Co. Ltd. 鄭州巴奴毛肚火鍋有限公司 *(notes (i)(ii)(vi))*	The PRC 02/04/2019	RMB2,000,000	RMB2,000,000	100%	100%	100%	100%	100%	Management of catering service
Xinxiang JM Food Co. Ltd. 新鄉今每食品有限公司 *(notes (i)(iii)(iv)(vi))*	The PRC 16/09/2021	RMB116,000,000	–	100%	100%	100%	100%	100%	Supply chain management

Notes:

(i) The official names of these entities are in Chinese. The English translation of the names is for identification purpose only.

(ii) No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024.

(iii) The financial statements of Banu Hotpot and Xinxiang JM Food Co. Ltd. ("Xinxiang JM") for the year ended 31 December 2022 have been audited by Henan Heying Certified Public Accountants (General Partnership) and Henan Zhongde Certified Public Accountants (General Partnership) ("Henan Zhongde CPA") respectively.

(iv) The financial statements of Banu Hotpot and Delicious Forest Catering Management (Zhengzhou) Co., Ltd ("Delicious Forest Catering") for the year ended 31 December 2023 have been audited by Henan Jindao Certified Public Accountants (General Partnership) ("Henan Jindao CPA"). The financial statements of Xinxiang JM for the year ended 31 December 2023 have been audited by Henan Zhongde CPA.

No audited financial statements have been prepared for Banu Hotpot and Xinxiang JM for the year ended 31 December 2024.

No audited financial statements have been prepared for Delicious Forest Catering for the year ended 31 December 2022.

(v) The financial statements of Delicious Forest Catering for the year ended 31 December 2024 have been audited by Henan Jindao CPA.

(vi) These entities are limited liability companies established in the PRC.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective during the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the the Relevant Periods are set out in Note 31.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information is presented in RMB, rounded to the nearest thousand except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at fair value through profit or loss ("FVPL") are stated at their fair value as explained in Note 2(e).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statements of financial position in accordance with Notes 2(o) or 2(p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(iii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property, plant and equipment

Property, plant and equipment, including construction in progress, are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)). No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold Improvement	Over the shorter of the lease term and 5 years
Kitchen equipment	3-10 years
Electronic equipment	3 years
Motor vehicles	3-5 years
Furniture and fixtures and other equipment	3 years
Plant and buildings	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets

Intangible assets, including software and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Expenditure on internally generated brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Software	3-5 years
– Trademarks	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e)(i), 2(t)(iii) and 2(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and rental deposits); and

– lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– lease receivables: discount rate used in the measurement of the lease receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see Note 2(e)(i)).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(iii)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(m) Software-as-a-service (SaaS) arrangement costs

A SaaS arrangement is a service arrangement where the Group has a right to access to the supplier's application software running on the supplier's cloud infrastructure during the term of the arrangement, but not control over the underlying software asset.

Costs to implement a SaaS arrangement, including those incurred in configuring or customising the access to the supplier's application software, are evaluated to determine if they give rise to a separate asset that the Group controls. Any resulting asset is recognised and accounted for in accordance with the policy for intangible assets as set out in Note 2(g). Implementation costs that do not give rise to an asset are recognised in profit or loss as incurred, which may be over the period the configuration or customisation services are received to the extent that such services are distinct from the SaaS, or over the term of the SaaS arrangement to the extent the configuration or customization services are not distinct from the SaaS.

Payment made in advance of receiving the related services is recognised as prepayment.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the defined contribution basic pension insurance. There are no forfeited contributions for the defined contribution basic pension insurance in the PRC social insurance system as the contributions are fully vested to the employees upon payment to the scheme.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled shares or share options granted to employees is measured using the income approach model, in case of shares granted, or the binomial option pricing model, in case of share options granted. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities, provisions and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group principally generates revenue from restaurant operation related services and sales of condiment products and food ingredients.

Revenue from restaurant operation related services for which the control of services is transferred at a point in time, revenue is recognised when the related services have been rendered to customers.

Revenue from the sales of condiment products and food ingredients for which the control of goods is transferred at a point in time, is recognised when the goods are delivered and accepted by the customers.

(ii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iii) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on straight-line basis over the useful life of the asset.

(v) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(u) Translation of foreign currencies

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB. The functional currency of the Company and its subsidiaries is RMB.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 25 contain information about the assumptions and their risk factors relating to fair value of restricted stock units/share options granted. Other significant sources of estimation uncertainty are as follows:

(a) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

(b) Impairment of property, plant and equipment and right-of-use assets

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that property, plant and equipment and right-of-use assets may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment and right-of-use assets is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

(c) Depreciation and amortisation

Property, plant and equipment, and right-of-use assets, are depreciated on a straight-line basis over the estimated useful lives of the assets. Intangible assets are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation or amortization expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation or amortization expense for future periods is adjusted if there are material changes from previous estimates.

(d) Provision for restoration costs

As explained in Note 24, the Group makes provision for restoration costs based on the best estimate of the expected costs to be incurred upon expiry of the respective rental agreements, which are subject to uncertainty and might differ from the actual costs incurred. Any increase or decrease in the provision would affect profit or loss in future periods.

(e) Determining the lease term

As explained in policy Note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favorable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are restaurant operation related services and sales of condiment products and food ingredients.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15 (note)					
Restaurant operation related services	1,397,111	2,044,928	2,253,587	546,016	696,243
Sales of condiment products and food ingredients	31,752	58,904	47,357	16,342	10,971
Others	2,522	5,616	4,233	1,071	1,022
	1,431,385	2,109,448	2,305,177	563,429	708,236
Revenue from other sources					
Rentals	1,753	2,121	2,092	476	496
	1,433,138	2,111,569	2,307,269	563,905	708,732

Note: Revenue was recognised at point in time when control over a product or service was transferred to the customer.

No revenue from individual customer contributing over 10% of total revenue of the Group for the Relevant Periods.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for rendering services such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for rendering services that had an expected duration of one year or less.

(b) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group has one operating segment, which is restaurant operations and sales of condiment products and food ingredients. The Group's most senior executive management reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

As substantially all of the Group's operations and assets are in the PRC, no geographic information is presented.

5 OTHER REVENUE

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income on:					
– bank deposits	1,102	3,406	7,494	1,670	1,453
– rental deposits	1,064	1,378	1,663	389	446
– loan to a third party	332	200	–	–	–
	2,498	4,984	9,157	2,059	1,899
Investment income on wealth management products	1,014	1,942	6,556	1,623	1,805
Super deduction of value-added tax ("VAT") *(note (i))*	6,922	8,020	–	–	–
Government grants *(note (ii))*	1,675	6,704	21,660	2,245	1,038
	12,109	21,650	37,373	5,927	4,742

Notes:

(i) In 2019, certain PRC governmental authorities jointly issued the Public Announcement on Strengthening the VAT Reform Policies, pursuant to which, during the period from 1 April 2019 to 31 December 2022, a general VAT taxpayer engaging in the provision of living services, postal services, telecommunications services or modern services with sales revenue from the provision of such services accounting for more than 50% of its total sales revenue is allowed to deduct an extra 10% of the deductible input VAT for the above period from the VAT payable ("super deduction of VAT"). On 13 January 2023, the Public Announcement on Clarification on VAT deduction and VAT exemption for Small-scale Tax Payers and Other Policies, pursuant to which the super deduction of VAT has been adjusted to 5% for the year ended 31 December 2023. Such policy was expired on 31 December 2023.

(ii) Government grants mainly represented various forms of incentives and subsidies granted by the government authorities mainly in relation to incentivising Group's local establishment of subsidiaries, stability of employment, etc. in the PRC.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest on bank loans	843	1,629	–	–	–
Interest on lease liabilities	22,473	24,617	25,037	6,428	5,996
Unwinding of discount on provisions *(Note 24)*	281	332	384	90	90
	23,597	26,578	25,421	6,518	6,086

(b) Staff costs (including directors' emoluments)

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Contracted staff costs					
Salaries, wages and other benefits	179,812	266,784	376,386	81,506	103,472
Contributions to defined contribution retirement plan	8,102	11,098	16,285	3,813	4,334
Equity-settled share-based payment expenses *(Note 25)*	21,946	17,242	23,380	17,074	16,313
	209,860	295,124	416,051	102,393	124,119
Human resource service expenses	257,669	339,992	358,911	87,061	118,141
	467,529	635,116	774,962	189,454	242,260

Note: Contracted employees of the Group's PRC entities are required to participate in a defined contribution scheme administrated and operated by the local municipal governments. The Group's entities contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the defined contribution scheme.

(c) Other net (gains)/losses

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
(Gains)/losses on disposals of property, plant and equipment and right-of-use assets	(2,678)	(926)	1,245	(1,493)	(262)
Forfeiture of rental deposits	508	326	242	–	218
Income on COVID-19 rent concessions	(1,893)	–	–	–	–
Donations	295	1,047	291	–	914
Gains on disposals of subsidiaries	(5,504)	–	–	–	–
Net foreign exchange (gain)/loss	–	(642)	(1,109)	(291)	141
Others	1,093	6,121	1,193	(551)	(642)
	(8,179)	5,926	1,862	(2,335)	369

(d) Other expenses

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Transportation and related expenses	15,847	22,305	22,128	5,242	6,363
Expenses for opening new restaurants	15,562	27,771	26,275	3,434	1,297
Professional service fees	13,205	16,071	12,005	1,504	3,458
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Maintenance expenses	9,758	18,912	11,536	3,248	2,535
Bank charges	5,171	6,270	9,040	1,601	2,382
Business development expenses	4,312	7,816	6,086	1,698	1,518
Cleaning fees	3,439	5,843	5,857	1,273	1,561
Office expenses	3,293	5,437	5,968	1,880	1,301
Impairment losses/(reversals of impairment loss) on trade and other receivables	608	19,462	2,364	2,549	(36)
Others	9,479	11,402	12,504	4,488	2,911
	80,674	142,326	114,217	26,917	23,895

(e) Other items

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Amortisation *(Note 12)*	1,382	1,923	2,021	351	499
Depreciation *(Note 11)*					
– property, plant and equipment	109,892	106,793	102,739	27,339	28,425
– right-of-use assets	108,297	121,808	132,685	31,983	35,256
	218,189	228,601	235,424	59,322	63,681

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax					
Provision for the year/period	31,096	39,443	42,076	12,882	13,907
Deferred tax					
Origination and reversal of temporary differences *(Note 23(b))*	(18,034)	(1,108)	496	2,861	4,082
	13,062	38,335	42,572	15,743	17,989

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before taxation	7,872	140,051	165,512	50,771	73,151
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	1,968	39,180	46,413	13,913	19,429
Tax effect of preferential income tax rates of certain subsidiaries *(iii)*	(2,950)	(5,481)	(9,378)	(2,681)	(4,750)
Tax effect of non-taxable income	–	(1,465)	(2,156)	(213)	(1,020)
Tax effect of super deduction on research and development expenses *(iv)*	–	(1,336)	(1,150)	(295)	(383)
Tax effect of share of losses/ (profits) of associates	429	(101)	(9)	1	51
Tax effect of non-deductible expenses	9,266	7,467	8,852	5,018	4,662
Tax effect of unused tax losses not recognised	4,360	71	–	–	–
Tax effect of use of un-recognised deductible loss of previous years	(11)	–	–	–	–
Actual tax expense	13,062	38,335	42,572	15,743	17,989

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) The Group's subsidiaries in Hong Kong did not have any other assessable profits for the Relevant Periods.

(iii) Taxable income for the Group's subsidiaries in the PRC are subject to PRC income tax rate of 25% for the Relevant Periods, unless otherwise specified below.

According to the Notice No. 23 issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission on 23 April 2020, A subsidiary was established in Chongqing in the PRC could meet the relevant criteria to enjoy the preferential income tax rate. Thus, the subsidiary was entitled to the preferential income tax rate of 15% for the years ended 31 December 2023 and 2024 and the three months ended 31 March 2025.

Certain subsidiaries of the Group have been filed as Small Low-Profit Enterprises. The entitled subsidiaries were subject to two-tired preferential effective tax rates from 2.5% to 5% for the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025.

(iv) Under the PRC income tax law and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenditure for the years ended 31 December 2023 and 2024 and the three months ended 31 March 2025.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the Historical Financial Information are as follows:

	Year ended 31 December 2022						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note (a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Du Zhongbing ("Mr. Du") *(note (b))*	–	341	–	17	358	–	358
Executive directors							
Mr. Liu Changqing *(note (c))*	–	362	–	17	379	397	776
Mr. Li Hao *(note (c))*	–	538	–	38	576	2,847	3,423
Mr. Liu Niankang *(note (c))*	–	1,047	–	17	1,064	1,779	2,843
Ms. Xu Chu *(note (c))*	–	742	–	17	759	1,424	2,183
Total	–	3,030	–	106	3,136	6,447	9,583

	Year ended 31 December 2023						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note (a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Du	–	1,543	–	18	1,561	–	1,561
Executive directors							
Mr. Liu Changqing *(note (c))*	–	867	–	18	885	397	1,282
Mr. Li Hao *(note (c))*	–	1,825	–	60	1,885	2,847	4,732
Mr. Liu Niankang *(note (c))*	–	1,368	–	18	1,386	1,779	3,165
Ms. Xu Chu *(note (c))*	–	777	–	18	795	1,424	2,219
Total	–	6,380	–	132	6,512	6,447	12,959

	Year ended 31 December 2024						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note (a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Du	–	1,423	–	18	1,441	–	1,441
Executive directors							
Mr. Liu Changqing *(note (c))*	–	825	1,644	18	2,487	(46)	2,441
Mr. Li Hao *(note (c))*	–	2,131	3,945	60	6,136	507	6,643
Mr. Liu Niankang *(note (c))*	–	1,888	1,644	18	3,550	317	3,867
Ms. Xu Chu *(note (c))*	–	1,007	1,972	18	2,997	253	3,250
Total	–	7,274	9,205	132	16,611	1,031	17,642

(unaudited)	Three months ended 31 March 2024						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note (a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Du	–	449	–	5	454	–	454
Executive directors							
Mr. Liu Changqing *(note (c))*	–	183	–	5	188	99	287
Mr. Li Hao *(note (c))*	–	426	–	15	441	710	1,151
Mr. Liu Niankang *(note (c))*	–	313	–	5	318	444	762
Ms. Xu Chu *(note (c))*	–	226	–	5	231	355	586
Total	–	1,597	–	35	1,632	1,608	3,240

	Three months ended 31 March 2025						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note (a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Du	–	380	–	5	385	–	385
Executive directors							
Mr. Liu Changqing *(note (c))*	–	203	–	5	208	44	252
Mr. Li Hao *(note (c))*	–	515	–	15	530	537	1,067
Mr. Liu Niankang *(note (c))*	–	358	–	5	363	336	699
Ms. Xu Chu *(note (c))*	–	251	–	5	256	268	524
Total	–	1,707	–	35	1,742	1,185	2,927

Notes:

(a) These represent the estimated value of restricted stock units and share options granted to the directors under the Group's restricted stock units scheme and share option scheme. The value of these restricted stock units/share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share-based payments, including the principal terms and number of restricted stock units and share options granted, are disclosed in Note 25.

(b) Mr. Du was appointed as a director of the Company on 23 November 2022. The emoluments shown above include remuneration received and receivable from the Group by him in his capacity as employee of the Group during the Relevant Periods.

(c) These directors are appointed as directors of the Company on 5 June 2025. The emoluments shown above represent remuneration received and receivable from the Group by them in their capacity as employees of the Group during the Relevant Periods.

(d) During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

(e) The executive directors confirmed that their emoluments shown above were paid and payable for their services in connection with the management of the affairs of the Company and the Group.

(f) Ms. Guo Wenying was appointed as a non-executive director of the Company on 5 June 2025.

(g) Mr. Hu Xiaoming, Dr. Zhu Rui and Dr. Cheng Lin will be effectively appointed as the independent non-executive directors of the Company upon [**REDACTED**] of the shares of the Company.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended 31 December 2022, 2023 and 2024 and the three months end 31 March 2024 and 2025, of the five individuals with the highest emoluments, four, four, four, four (unaudited) and four are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other one, one, one, one (unaudited) and one individuals are as follows:

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and other benefits	662	979	1,161	192	224
Discretionary bonuses	–	–	657	–	–
Share-based payments	712	351	172	177	137
Retirement scheme contributions	13	18	14	4	4
	1,387	1,348	2,004	373	365

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	Number of individuals	**Number of individuals**	**Number of individuals**	**Number of individuals** *(unaudited)*	**Number of individuals**
Nil to Hong Kong Dollars ("HKD") 1,000,000	–	–	–	1	1
HKD1,000,001 – HKD1,500,000	1	1	–	–	–
HKD2,000,001 – HKD2,500,000	–	–	1	–	–

10 EARNINGS/LOSS PER SHARE

No earnings/loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of preparation and presentation set out in Note 1.

11 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Reconciliation of carrying amount

	Property and others – Right-of-use assets	Leasehold land – Right-of-use assets	Subtotal	Leasehold improvement-Owned	Kitchen equipment-Owned	Electronic equipment-Owned	Motor vehicles-Owned	Furniture and fixtures and other equipment-Owned	Plant and buildings-Owned	Construction in progress-Owned	Subtotal	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:												
At 1 January 2022	511,900	11,247	523,147	234,341	50,599	50,917	769	22,680	123,985	413	483,704	1,006,851
Additions	206,150	–	206,150	–	6,467	9,439	132	5,066	–	45,962	67,066	273,216
Transfer from construction in progress	–	–	–	38,636	–	–	–	–	–	(38,636)	–	–
Disposal of subsidiaries	(34,690)	–	(34,690)	(3,644)	(601)	(335)	–	(348)	–	–	(4,928)	(39,618)
Termination, expiration and disposals	(55,171)	–	(55,171)	(11,997)	(3,154)	(2,218)	(14)	(2,540)	–	–	(19,923)	(75,094)
At 31 December 2022 and 1 January 2023	628,189	11,247	639,436	257,336	53,311	57,803	887	24,858	123,985	7,739	525,919	1,165,355
Additions	140,437	–	140,437	–	22,706	15,513	3	14,869	627	94,251	147,969	288,406
Transfer from construction in progress	–	–	–	95,913	–	–	–	–	–	(95,913)	–	–
Termination, expiration and disposals	(57,504)	–	(57,504)	(927)	(1,970)	(2,453)	(11)	(1,089)	–	–	(6,450)	(63,954)
At 31 December 2023 and 1 January 2024	711,122	11,247	722,369	352,322	74,047	70,863	879	38,638	124,612	6,077	667,438	1,389,807
Additions	151,856	–	151,856	–	22,098	11,545	136	13,267	159	99,586	146,791	298,647
Transfer from construction in progress	–	–	–	100,416	–	–	–	–	–	(100,416)	–	–
Termination, expiration and disposals	(86,603)	–	(86,603)	(11,998)	(5,440)	(4,386)	(6)	(1,814)	(813)	–	(24,457)	(111,060)
At 31 December 2024 and 1 January 2025	776,375	11,247	787,622	440,740	90,705	78,022	1,009	50,091	123,958	5,247	789,772	1,577,394
Additions	12,567	–	12,567	–	5,513	1,902	–	1,977	–	9,577	18,969	31,536
Transfer from construction in progress	–	–	–	10,970	–	–	–	–	–	(10,970)	–	–
Termination, expiration and disposals	(13,005)	–	(13,005)	(2,541)	(795)	(1,443)	(3)	(884)	–	–	(5,666)	(18,671)
At 31 March 2025	775,937	11,247	787,184	449,169	95,423	78,481	1,006	51,184	123,958	3,854	803,075	1,590,259

	Property and others – Right-of-use assets	Leasehold land – Right-of-use assets	Subtotal	Leasehold improvement-Owned	Kitchen equipment-Owned	Electronic equipment-Owned	Motor vehicles-Owned	Furniture and fixtures and other equipment-Owned	Plant and buildings-Owned	Construction in progress-Owned	Subtotal	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:												
At 1 January 2022	118,180	58	118,238	62,796	17,696	23,690	124	8,712	2,806	–	115,824	234,062
Charge for the year	108,057	240	108,297	62,980	13,977	17,746	193	8,243	6,753	–	109,892	218,189
Written back on disposal of subsidiaries	(6,433)	–	(6,433)	(753)	(120)	(166)	–	(72)	–	–	(1,111)	(7,544)
Written back on termination, expiration and disposals	(33,646)	–	(33,646)	(2,409)	(2,399)	(1,655)	(4)	(1,170)	–	–	(7,637)	(41,283)
At 31 December 2022 and 1 January 2023	186,158	298	186,456	122,614	29,154	39,615	313	15,713	9,559	–	216,968	403,424
Charge for the year	121,560	248	121,808	64,961	13,518	13,203	203	8,125	6,783	–	106,793	228,601
Written back on termination, expiration and disposals	(37,991)	–	(37,991)	(215)	(1,588)	(2,153)	(10)	(834)	–	–	(4,800)	(42,791)
At 31 December 2023 and 1 January 2024	269,727	546	270,273	187,360	41,084	50,665	506	23,004	16,342	–	318,961	589,234
Charge for the year	132,436	249	132,685	60,341	14,722	11,397	209	9,330	6,740	–	102,739	235,424
Written back on termination, expiration and disposals	(57,436)	–	(57,436)	(6,293)	(3,366)	(4,084)	(6)	(1,469)	–	–	(15,218)	(72,654)
At 31 December 2024 and 1 January 2025	344,727	795	345,522	241,408	52,440	57,978	709	30,865	23,082	–	406,482	752,004
Charge for the period	35,194	62	35,256	17,223	4,262	2,695	58	2,502	1,685	–	28,425	63,681
Written back on termination, expiration and disposals	(7,523)	–	(7,523)	(2,170)	(756)	(1,366)	(3)	(626)	–	–	(4,921)	(12,444)
At 31 March 2025	372,398	857	373,255	256,461	55,946	59,307	764	32,741	24,767	–	429,986	803,241

	Property and others – Right-of-use assets	Leasehold land – Right-of-use assets	Subtotal	Leasehold improvement-Owned	Kitchen equipment-Owned	Electronic equipment-Owned	Motor vehicles-Owned	Furniture and fixtures and other equipment-Owned	Plant and buildings-Owned	Construction in progress-Owned	Subtotal	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment:												
At 1 January 2022	–	–	–	6,401	691	582	–	587	–	–	8,261	8,261
Written back on termination, expiration and disposals	–	–	–	(6,401)	(691)	(582)	–	(587)	–	–	(8,261)	(8,261)
At 31 December 2022 and 1 January 2023	–	–	–	–	–	–	–	–	–	–	–	–
Addition	–	–	–	7,005	1,018	508	1	644	–	–	9,176	9,176
At 31 December 2023 and 1 January 2024	–	–	–	7,005	1,018	508	1	644	–	–	9,176	9,176
Addition	–	–	–	2,554	251	458	–	209	–	–	3,472	3,472
Written back on termination, expiration and disposals	–	–	–	(1,909)	(262)	(136)	–	(233)	–	–	(2,540)	(2,540)
At 31 December 2024 and 1 January 2025	–	–	–	7,650	1,007	830	1	620	–	–	10,108	10,108
Written back on termination, expiration and disposals	–	–	–	–	(12)	(8)	–	(2)	–	–	(22)	(22)
At 31 March 2025	–	–	–	7,650	995	822	1	618	–	–	10,086	10,086
Net Book Value:												
At 31 March 2025	403,539	10,390	413,929	185,058	38,482	18,352	241	17,825	99,191	3,854	363,003	776,932
At 31 December 2024	431,648	10,452	442,100	191,682	37,258	19,214	299	18,606	100,876	5,247	373,182	815,282
At 31 December 2023	441,395	10,701	452,096	157,957	31,945	19,690	372	14,990	108,270	6,077	339,301	791,397
At 31 December 2022	442,031	10,949	452,980	134,722	24,157	18,188	574	9,145	114,426	7,739	308,951	761,931

Impairment loss

As at 31 December 2022, 2023 and 2024 and 31 March 2025, in view of the unfavourable future prospects of certain restaurants, the Group's management estimated the recoverable amount of each such restaurant (cash-generating unit ("CGU")) with an indication of impairment. The recoverable amount of each CGU is determined based on fair value less cost of disposal or the value-in-use calculations by preparing cash flow projections of the relevant CGUs derived from the most recent financial forecast approved by the management covering the remaining lease term, which is higher. The cash flows are discounted using a discount rate of 14.0% as at 31 December 2022, 2023 and 2024 and 31 March 2025. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

During the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, the carrying amount of certain CGUs exceeds their recoverable amount, therefore, an impairment loss of nil, RMB9,176,000, RMB3,472,000 and nil was recognised in profit or loss in the consolidated statements of profit or loss and other comprehensive income respectively.

(b) Right-of-use assets

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
Property and others – Right-of-use assets	108,057	121,560	132,436	31,921	35,194
Leasehold land – Right-of-use assets	240	248	249	62	62
	108,297	121,808	132,685	31,983	35,256
Interest on lease liabilities *(Note 6(a))*	22,473	24,617	25,037	6,428	5,996
Expense relating to short-term leases	23,782	30,668	42,489	7,718	13,131
Expense relating to leases of low-value assets (excluding short-term leases of low-value assets)	197	111	68	13	2
Variable lease payments not included in the measurement of lease liabilities	7,174	13,469	13,108	3,228	5,362
COVID-19-related rent concessions received	(2,104)	–	–	–	–

During the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, additions to right-of-use assets were RMB206,150,000, RMB140,437,000, RMB151,856,000 and RMB12,567,000. These amounts are related to the capitalised lease payments payable under new tenancy agreements, initial direct cost and the estimated restoration costs to be incurred.

Details of cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 17(c), 20 and 27(b), respectively.

The Group has adopted the Amendment to IFRS 16, *COVID-19-Related Rental Concessions* ("Amendment") beyond 30 June 2021, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the Relevant Periods. Further details are disclosed in note (i) below.

Notes:

(i) Property – Right-of-use assets

The Group has obtained the right to use properties as its restaurants through tenancy agreements. The leases run for an initial period of 2 to 11 years.

The Group leased a number of restaurants which contain variable lease payment terms that are based on sales generated from the restaurants and minimum annual lease payment terms that are fixed. These payment terms are common in restaurants in mainland China where the Group principally operates. During the year ended 31 December 2022, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amounts of fixed and variable lease payments for the year ended 31 December 2022.

	2022					
			COVID-19 rent concessions			
	Fixed payments	Variable payments and other rentals	Deducted from variable payments	Recognised as income	Subtotal	Total payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Leased assets	97,465	31,153	(211)	(1,893)	(2,104)	126,514

(ii) Leasehold land – Right-of-use assets

The Group's land-use rights on leasehold land are located in the PRC. Depreciation is recognised in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are to 50 years.

(iii) Rental deposits

The refundable rental deposit itself is not part of the lease payments and is in the scope of IFRS 9. Therefore, the rental deposit should be measured at fair value on initial recognition. The difference between the initial fair value and the nominal value of the deposit is an additional lease payment made by the Group and it is included in the measurement of the right-of-use assets.

12 INTANGIBLE ASSETS

	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	6,495	205	6,700
Additions	1,917	16	1,933
Disposal of subsidiaries	–	(131)	(131)
Other disposals	(2)	–	(2)
At 31 December 2022 and 1 January 2023	8,410	90	8,500
Additions	1,514	–	1,514
Other disposals	(459)	–	(459)
At 31 December 2023 and 1 January 2024	9,465	90	9,555
Additions	717	–	717
Other disposals	–	(1)	(1)
At 31 December 2024 and 1 January 2025	10,182	89	10,271
Additions	636	–	636
At 31 March 2025	10,818	89	10,907

	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
Accumulated amortisation:			
At 1 January 2022	245	19	264
Charge for the year	1,363	19	1,382
Written back on disposal of subsidiaries	–	(15)	(15)
Written back on other disposals	(2)	–	(2)
At 31 December 2022 and 1 January 2023	1,606	23	1,629
Charge for the year	1,916	7	1,923
Written back on other disposals	(333)	–	(333)
At 31 December 2023 and 1 January 2024	3,189	30	3,219
Charge for the year	2,014	7	2,021
Written back on other disposals	–	(1)	(1)
At 31 December 2024 and 1 January 2025	5,203	36	5,239
Charge for the period	498	1	499
At 31 March 2025	5,701	37	5,738
Net book value:			
At 31 March 2025	5,117	52	5,169
At 31 December 2024	4,979	53	5,032
At 31 December 2023	6,276	60	6,336
At 31 December 2022	6,804	67	6,871

13 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	12,208	757,001	778,801	793,325

Details of the subsidiaries are set forth in Note 1.

14 INTERESTS IN ASSOCIATES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interests in associates	1,503	1,905	2,465	6,748

The following list contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of registered/ paid-up capital	Proportion of ownership interest and voting rights held by the Group as at 31 December 2022	31 December 2023	31 December 2024	31 March 2025	Principal activities
Henan Da Tang Shi Food Co., Ltd. (i) (河南大湯師食品有限公司, "Da Tang Shi")	Incorporated	The PRC	RMB7,000,000/ RMB7,000,000	29.00%	29.00%	29.00%	29.00%	Condiment products production and processing
Yuanyang HongChuang Environmental Technology Co., Ltd. (i) (原陽縣鴻創環保科技有限公司, "Yuanyang HongChuang")	Incorporated	The PRC	RMB10,000,000/ RMB10,000,000	11.90%	11.90%	11.90%	11.90%	Sewage treatment operation
Suzhou Jiying Catering Service Co., Ltd. (i) (蘇州吉贏餐飲服務有限責任公司, "Suzhou Jiying")	Incorporated	The PRC	RMB350,000/ RMB350,000	NA	NA	35.00%	35.00%	Restaurant operations
Chubby Mart Rowland Heights LLC Incorporated	Incorporated	The United States of America	USD3,500,000/ USD1,250,000	NA	NA	NA	40.00%	Restaurant operations

The above associates are accounted for using the equity method in the Historical Financial Information.

Notes:

(i) The official names of these entities are in Chinese. The English translation of the names is for identification only.

(ii) Henan Ba Mu Xing Trading Company Limited (河南八牧興貿易有限公司, "Henan BaMuXing") was an associate of the Company, which have been deregistered on 9 September 2022.

Aggregate information of associates that are not individually material:

	As at 31 December 2022	2023	2024	As at 31 March 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates in the Historical Financial Information	1,503	1,905	2,465	6,748
Aggregate amounts of the Group's share of those associates' (loss)/profit for the year/period and total comprehensive income	(1,714)	402	35	(205)

15 INVENTORIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Food ingredients	108,001	117,823	81,563	56,657
Condiment products	23,864	31,423	30,915	27,403
Beverage	2,573	1,987	2,079	2,350
Other materials	11,564	8,452	10,033	10,189
	146,002	159,685	124,590	96,599

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Carrying amount of inventories sold or consumed	484,069	701,333	740,893	179,837	229,112

16 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors	14,245	26,236	24,280	12,185
Less: loss allowance	(396)	(888)	(3,663)	(3,635)
	13,849	25,348	20,617	8,550
Other receivables and deposits	79,918	79,276	110,167	116,431
Less: loss allowance	–	–	(17,371)	(17,371)
	79,918	79,276	92,796	99,060
Prepayments	34,851	43,782	51,659	48,220
Amounts due from related parties *(Note 29(d))*	15,924	23,263	–	–
Less: loss allowance	–	(17,371)	–	–
	15,924	5,892	–	–
	144,542	154,298	165,072	155,830
Less: amount included under "non-current assets"	(856)	(1,662)	(3,854)	(2,682)
	143,686	152,636	161,218	153,148

Prepayments mainly represent prepayments of inventories procurement, rental and property management expenses, utilities expenses, [**REDACTED**] and acquisition of property, plant and equipment.

Except for the prepayment for the purchase of plant, property and equipment, all of the prepayments, trade and other receivables are expected to be recovered or recognised as expense within one year or are recoverable on demand.

Ageing analysis:

As at the end of each reporting period, the ageing analysis of trade debtors (which are included in prepayments, trade and other receivables), based on the revenue recognition date and net of loss allowance, is as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	13,320	25,348	20,579	7,639
1 to 3 months	188	–	38	656
over 3 months	341	–	–	255
	13,849	25,348	20,617	8,550

Trade debtors are due within 30 days from the date of revenue recognition. Further details on the Group's credit policy are set out in Note 27(a).

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from shareholders of the Company	34	36	36	36
Amount due from a subsidiary	–	–	2,796	6,453
	34	36	2,832	6,489

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank	349,387	290,542	244,783	294,250
Less: restricted bank deposits *(note)*	(17,204)	(21,700)	(21,700)	(21,700)
Cash and cash equivalents in the consolidated statements of financial position and the consolidated cash flow statements	332,183	268,842	223,083	272,550

Note: As at 31 December 2022, 2023 and 2024 and 31 March 2025, the deposits were made with banks in accordance with relevant laws and regulations of the PRC as securities for the prepaid cards purchased by customers as detailed in Note 19.

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank	–	47	81	70

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Years ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before taxation		7,872	140,051	165,512	50,771	73,151
Adjustments for:						
Depreciation of right-of-use assets	6(e)	108,297	121,808	132,685	31,983	35,256
Depreciation and amortisation of other assets	6(e)	111,274	108,716	104,760	27,690	28,924
Impairment losses/(reversals) on trade and other receivables and rental deposits	6(d)	608	19,462	2,364	2,549	(36)
Impairment loss on property, plant and equipment		–	9,176	3,472	1,652	–
Equity-settled share-based payment expenses	6(b)	21,946	17,242	23,380	17,074	16,313
Finance costs	6(a)	23,597	26,578	25,421	6,518	6,086
Interest income on bank deposits	5	(1,102)	(3,406)	(7,494)	(1,670)	(1,453)
Interest income on rental deposits	5	(1,064)	(1,378)	(1,663)	(389)	(446)
Interest income on loan to a third party	5	(332)	(200)	–	–	–
Investment income on wealth management products	5	(1,014)	(1,942)	(6,556)	(1,623)	(1,805)
(Gains)/losses on disposals of property, plant and equipment and right-of-use assets	6(c)	(2,678)	(926)	1,245	(1,493)	(262)
Gains on disposals of subsidiaries	6(c)	(5,504)	–	–	–	–
Net foreign exchange (gain)/loss	6(c)	–	(642)	(1,109)	(291)	141
Changes in carrying amount of the redemption liabilities		24,699	23,747	21,132	5,445	4,596
COVID-19-related rent concessions received	6(c)	(1,893)	–	–	–	–
Share of losses/(profits) of associates	14	1,714	(402)	(35)	4	205
Changes in working capital:						
Decrease/(increase) in restricted bank deposits		65	(4,496)	–	–	–
Decrease/(increase) in inventories		31,396	(13,683)	35,095	31,925	27,991
(Increase)/decrease in prepayments, trade and other receivables and rental deposits		(15,170)	(35,198)	(16,922)	13,386	7,783
(Decrease)/increase in trade and other payables		(5,320)	46,942	52,916	(28,537)	(43,659)
Increase in contract liabilities		4,955	6,777	2,507	16,756	3,558
Cash generated from operations		302,346	458,226	536,710	171,750	156,343

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 21	*Note 20*	*Note 22*	
At 1 January 2022	73,150	395,108	138,596	606,854
Changes from financing cash flows:				
Proceeds from bank loans	100,000	–	–	100,000
Repayment of bank loans	(73,500)	–	–	(73,500)
Interest of bank loans paid	(376)	–	–	(376)
Payment of capital element of lease liabilities	–	(72,888)	–	(72,888)
Payment of interest element of lease liabilities	–	(22,473)	–	(22,473)
Contribution by the shareholders of the companies now comprising the Group	–	–	90,000	90,000
Total changes from financing cash flows	26,124	(95,361)	90,000	20,763
Other changes:				
Interest expenses *(Note 6(a))*	843	22,473	–	23,316
Changes in carrying amount of the redemption liabilities	–	–	24,699	24,699
Increase in lease liabilities from entering into new leases during the year	–	201,434	–	201,434
Decrease in lease liabilities from early lease termination during the year	–	(24,212)	–	(24,212)
Decrease in lease liabilities from disposal of subsidiaries	–	(26,746)	–	(26,746)
COVID-19-related rent concessions received *(Note 11(b))*	–	(1,893)	–	(1,893)
Reclassification of other payables to redemption liabilities	–	–	60,000	60,000
Recognition of redemption liabilities *(Note 26(c)(ii))*	–	–	100,000	100,000
Total other changes	843	171,056	184,699	356,598
At 31 December 2022	100,117	470,803	413,295	984,215

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 21	*Note 20*	*Note 22*	
At 1 January 2023	100,117	470,803	413,295	984,215
Changes from financing cash flows:				
Repayment of bank loans	(100,000)	–	–	(100,000)
Interest of bank loans paid	(1,746)	–	–	(1,746)
Payment of capital element of lease liabilities	–	(112,177)	–	(112,177)
Payment of interest element of lease liabilities	–	(24,617)	–	(24,617)
Total changes from financing cash flows	(101,746)	(136,794)	–	(238,540)
Other changes:				
Interest expenses *(Note 6(a))*	1,629	24,617	–	26,246
Changes in carrying amount of the redemption liabilities	–	–	23,747	23,747
Increase in lease liabilities from entering into new leases during the year	–	137,334	–	137,334
Decrease in lease liabilities from early lease termination during the year	–	(21,972)	–	(21,972)
Reclassification of redemption liabilities to equity	–	–	(109,929)	(109,929)
Total other changes	1,629	139,979	(86,182)	55,426
At 31 December 2023	–	473,988	327,113	801,101

	Lease liabilities	Redemption liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	Note 20	*Note 22*	
At 1 January 2024	473,988	327,113	801,101
Changes from financing cash flows:			
Payment of capital element of lease liabilities	(116,046)	–	(116,046)
Payment of interest element of lease liabilities	(25,037)	–	(25,037)
Payment for repurchase of preferred shares	–	(39,354)	(39,354)
Total changes from financing cash flows	(141,083)	(39,354)	(180,437)
Other changes:			
Interest expenses *(Note 6(a))*	25,037	–	25,037
Changes in carrying amount of the redemption liabilities	–	21,132	21,132
Increase in lease liabilities from entering into new leases during the year	147,962	–	147,962
Decrease in lease liabilities from early lease termination during the year	(33,754)	–	(33,754)
Difference between the carrying amount of the redemption liabilities and the consideration paid	–	(7,409)	(7,409)
Total other changes	139,245	13,723	152,968
At 31 December 2024	472,150	301,482	773,632

	Lease liabilities	Redemption liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	Note 20	*Note 22*	
At 1 January 2025	472,150	301,482	773,632
Changes from financing cash flows:			
Payment of capital element of lease liabilities	(30,399)	–	(30,399)
Payment of interest element of lease liabilities	(5,996)	–	(5,996)
Total changes from financing cash flows	(36,395)	–	(36,395)
Other changes:			
Interest expenses *(Note 6(a))*	5,996	–	5,996
Changes in carrying amount of the redemption liabilities	–	4,596	4,596
Increase in lease liabilities from entering into new leases during the period	12,049	–	12,049
Decrease in lease liabilities from early lease termination during the period	(6,561)	–	(6,561)
Total other changes	11,484	4,596	16,080
At 31 March 2025	447,239	306,078	753,317

(d) Total cash out flow for leases:

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating cash flows	31,153	44,248	55,665	10,959	18,495
Within financing cash flows	95,361	136,794	141,083	28,975	36,395
	126,514	181,042	196,748	39,934	54,890

18 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	30,857	49,853	66,853	47,615
Other payables and accrued charges	90,432	126,797	148,863	120,218
Dividend payable	–	–	–	70,000
Amounts due to related parties *(Note 29(d))*	426	631	733	773
	121,715	177,281	216,449	238,606

All trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	30,836	49,504	66,457	47,408
1 to 2 years	21	332	190	100
over 2 years	–	17	206	107
	30,857	49,853	66,853	47,615

The Company

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to subsidiaries	-*	–	42,602	46,192
Dividend payable	–	–	–	70,000
	-*	–	42,602	116,192

* The amount is less than RMB1,000.

19 CONTRACT LIABILITIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities related to prepaid cards *(note (i))*	39,807	39,726	43,038	40,902
Contract liabilities related to customer membership programs *(note (ii))*	9,792	16,631	15,435	20,548
Contract liabilities related to sales of products	580	599	990	1,571
	50,179	56,956	59,463	63,021

Notes:

(i) Prepaid card was purchased by customers with a discount to its face value, which can be utilised in the future consumption in restaurants at customers' discretion. The amount received from selling prepaid cards is recorded in contract liabilities and deferred until they are redeemed by customers when the Group fulfils its obligations to provide services or goods.

(ii) The Group offers customers membership points upon customers' qualified consumption. The Group recognises the value of the future redemption obligation in the consolidated statements of financial position as contract liability, based on the estimated value of the products for which the membership points are expected to be redeemed based on historical redemption patterns.

Contract liability is recognised as revenue at the point in time when the customer redeems the membership points in future consumption, or when the Group is legally released from its obligation based on the expiration date of the membership points.

Movements in contract liabilities:

	Years ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	45,330	50,179	56,956	59,463
Increase in contract liabilities during the year/period	50,179	56,956	59,463	17,009
Decrease in contract liabilities as a result of recognising revenue during the year/period	(45,330)	(50,179)	(56,956)	(13,451)
At the end of the year/period	50,179	56,956	59,463	63,021

Note: As at 31 December 2022, 2023 and 2024 and 31 March 2025, all of the contract liabilities are expected to be recognised as income within one year.

20 LEASE LIABILITIES

At 31 December 2022, 2023 and 2024 and 31 March 2025, the lease liabilities were repayable as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities included in the consolidated statements of financial position				
Within 1 year	111,911	122,325	123,579	126,746
After 1 year but within 2 years	90,134	99,572	107,147	100,741
After 2 years but within 5 years	196,400	194,588	193,170	178,108
After 5 years	72,358	57,503	48,254	41,644
	358,892	351,663	348,571	320,493
	470,803	473,988	472,150	447,239

Note: maturity analysis of lease liabilities are set out in Note 27(b).

21 BANK LOANS

The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year or on demand				
– secured *(note (i))*	40,047	–	–	–
– unsecured and unguaranteed *(note (ii))*	60,070	–	–	–
	100,117	–	–	–

Notes:

(i) As at 31 December 2022, the secured bank loans of RMB40,047,000 bore interest at a rate of 4.70% per annum and were secured by mortgages over land and buildings with an aggregate carrying value of RMB97,232,000 and were repaid in full in 2023.

(ii) As at 31 December 2022, the unsecured and unguaranteed bank loans of RMB60,070,000 bore interest at a rate of 4.95% to 5.00% per annum and were repaid in full in 2023.

(iii) All of the Group’s banking facilities are subject to the fulfilment of covenants relating to certain of the Group’s balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group’s management of liquidity risk are set out in Note 27(b). As at 31 December 2022, none of the covenants relating to drawn down facilities had been breached.

22 REDEMPTION LIABILITIES

In 2020, Banu Hotpot entered into a capital contribution agreement with Ningbo Tomato No. 2 Equity Investment Partnership Enterprise (Limited Partnership) (寧波蕃茄貳號股權投資合夥企業(有限合夥), “Tomato No. 2 Partnership”), pursuant to which, Tomato No. 2 Partnership agreed to invest RMB63,000,000 to acquire 3.5% of the then equity interest of Banu Hotpot upon completion capital increase. In the same year, Banu Hotpot further entered into a capital contribution agreement with Nanjing Tomato No. 5 Equity Investment Partnership Enterprise (Limited Partnership) (南京番茄伍號股權投資合夥企業(有限合夥), “Tomato No. 5 Partnership”, together with Tomato No. 2, the “Series Angel Investors”), pursuant to which Tomato No. 5 Partnership agreed to invest RMB60,000,000 to acquire 3.0% of the then equity interest of Banu Hotpot upon completion capital increase (collectively referred as “Series Angel Investments”).

In August 2022, Banu Hotpot entered into capital contribution agreements with Nanjing Tomato No. 6 Equity Investment Partnership Enterprise (Limited Partnership) (南京番茄陸號股權投資合夥企業(有限合夥), “Tomato No. 6 Partnership”) and Nanjing Yellow Tomato Equity Investment Partnership Enterprise (Limited Partnership) (南京黃番茄股權投資合夥企業(有限合夥), “Yellow Tomato”, together with Tomato No. 6 Partnership, the “Series A Investors”), pursuant to which Yellow Tomato and Tomato No. 6 Partnership agreed to contribute RMB40,000,000, and RMB110,000,000 to acquire 0.8% and 2.2% of the then equity interest of Banu Hotpot upon completion capital increase, respectively. Series A Investors are entitled to the special rights detailed below upon their completion of capital contributions.

Series Angel Investeor and Series A Investors were all granted with the redemption rights detailed below.

In 2022, another equity shareholder of Banu Hotpot, namely GYH L Limited (“GYH L”), was granted the special rights same as Series Angel Investors. Upon the granting of such special rights, the investment from GYH L was reclassified as redemption liabilities.

Redemption rights issued to the Series Angel and Series A Investors

Upon the written request of each holder of the Series Angel and Series A Investments, Banu Hotpot shall repurchase all, or portion of the Series Angel Investments held by the holders at the option of the holders at any time upon any of events described under (ii), (iii), (iv) and (vii) as follows. Banu Hotpot shall repurchase all, or portion of the Series A Investments held by the holders at the option of the holders at any time upon any of all events as follows.

(i) Banu Hotpot fails to consummate a qualified [**REDACTED**] before 1 December 2029;

(ii) the representations or warranties of any controlling shareholder under the transaction documents contain any false statement, material inaccuracy or omission of any material fact, which has resulted in a material adverse effect on Banu Hotpot and its subsidiaries and no remedial measures to the satisfaction of the investments has been taken within fifteen days after it is so notified by any investments;

(iii) there is a material breach by any Banu Hotpot and its subsidiaries or any controlling shareholder of the transaction documents (including without limitation, any material breach of the covenants on non-competition) or any violation of law or significant dishonesty issue which has a material adverse effect on Banu Hotpot and its subsidiaries and no remedial measures to the satisfaction of the investments has been taken within fifteen days after it is so notified by any investments;

(iv) there is a material adverse change in the existence, financial condition, business, property ownership or other aspects of Banu Hotpot and its subsidiaries (including without limitation, Banu Hotpot and its subsidiaries' failure to obtain, maintain or renew the permit or license that is necessary for the principal business, or the principal business is forbidden or significantly restricted by law) which has a material adverse effect on Banu Hotpot and its subsidiaries;

(v) except for the purpose of a qualified employees' share option plan ("Qualified ESOP plan"), any shareholder who is entitled to any redemption right requests Banu Hotpot to redeem all or part of its shares;

(vi) the controlling shareholder loses his control of or his ability to control Banu Hotpot and its subsidiaries;

(vii) no general meeting has been held in more than 24 months.

The redemption price of the Series Angel and Series A Investment shall equal to the aggregate of:

(i) the total actual consideration paid by the investors;

(ii) an annual single rate of return of 8% beginning from the date of actual payments of the consideration from the investors to the redemption date, excluding any actual paid dividends during the equity holding period.

If the assets and funds available for distribution shall be insufficient to permit the payment to the full Series Angel and Series A Investments amount, the redemption preference amount will be paid to the investments in the following order: first to holders of Series A Investments, second to Series Angel Investments. Upon completion of the [**REDACTED**], all the special rights, including the redemption rights will be terminated.

Upon issuance of the redemption rights to Series Angel, Series A and GYH L, the Group recognised redemption liabilities at the present value of the redemption amounts, i.e. the actual consideration received, a return of 8% per annum plus all declared but unpaid dividends for subsequent periods. Changes in the carrying amounts of the redemption liabilities due to remeasurement are recognised in profit or loss.

Issuance of preferred shares to replace equity interests with redemption rights through Recorganisation

As detailed in Note 1 to the Historical Financial Information, the Group underwent the Reorganisation. Upon the completion of the Reorganisation, the Company issued preferred shares to Series Angel Investors and Series A Investors or their designated entities or person, with rights identical to the equity interests of Banu Hotpot plus the special rights including redemption rights, previously held by Series Angel Investors and Series A Investors, except for the automatic termination of special right clause is replaced by the conversion feature detailed below. Upon the Completion of the Reorganisation, GYH L's redemption right was terminated at the GYH L's discretion, hence the redemption liabilities due to GYH L was reclassed to equity upon the extinguishment of the redemption obligation.

Conversion feature

Upon completion of the [**REDACTED**], all preferred rights of the holders of preferred shares will be terminated and the preferred shares will be automatically converted to ordinary shares.

Repurchase of Series A Preferred Shares

In December 2024, the Company entered into a share repurchase agreement with a holder of Series A Preferred Shares at consideration of RMB40,000,000 (equivalent to USD5,475,027). The difference between the carrying amount of the redemption liabilities then and the consideration paid of RMB7,409,000 was recognised as "capital reserve".

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	Years ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	9,036	175	9,965	10,052
Provisions for income tax	31,096	39,443	42,076	13,907
Income tax paid	(39,957)	(29,653)	(41,989)	(7,346)
At the end of the year/period	175	9,965	10,052	16,613
Reconciliation to the consolidated statements of financial position:				
Current tax payable	5,827	14,224	15,936	21,826
Current tax recoverable	(5,652)	(4,259)	(5,884)	(5,213)
	175	9,965	10,052	16,613

(b) Deferred tax assets and liabilities recognised

Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax assets/(liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Provisions	Impairment losses	Contract liabilities	Others *(note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	27,386	(86,640)	92,541	1,007	2,087	1,744	9,776	47,901
Charged/(credited) to profit or loss	14,671	(10,657)	14,254	227	(1,618)	704	453	18,034
At 31 December 2022 and 1 January 2023	42,057	(97,297)	106,795	1,234	469	2,448	10,229	65,935
(Credited)/charged to profit or loss	(2,700)	(1,241)	3,310	203	7,081	1,710	(7,255)	1,108
At 31 December 2023 and 1 January 2024	39,357	(98,538)	110,105	1,437	7,550	4,158	2,974	67,043
(Credited)/charged to profit or loss	(2,970)	865	(2,356)	224	1,909	(299)	2,131	(496)
At 31 December 2024 and 1 January 2025	36,387	(97,673)	107,749	1,661	9,459	3,859	5,105	66,547
(Credited)/charged to profit or loss	(4,742)	6,494	(7,013)	124	(107)	1,278	(116)	(4,082)
At 31 March 2025	31,645	(91,179)	100,736	1,785	9,352	5,137	4,989	62,465

Note: Others mainly represent deferred tax assets recognised from deductible temporary differences arising from excessive advertising and promotion expenses deductible for future years, etc.

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(r), the Group has not recognised deferred tax assets in respect of cumulative unused tax losses arising from the Group of RMB12,152,000, RMB12,437,000, RMB76,000 and RMB76,000 as at 31 December 2022, 2023 and 2024 and 31 March 2025, as it is not probable that future taxable profits against which the deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

As at 31 December 2022, 2023 and 2024 and 31 March 2025, deferred tax liabilities of RMB198,000, RMB2,970,000, RMB16,377,000 and RMB20,137,000 in respect of the dividend withholding tax at the rate of 10% relating to the distributable profits of the Company's PRC subsidiaries were not recognised as the Company controls the dividend policy of the subsidiaries. Based on the assessment made by management, it was determined that the distributable profits of the Company's PRC subsidiaries would not be distributed to the Hong Kong and overseas holding companies in the foreseeable future.

24 PROVISIONS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for restoration costs	5,313	6,381	7,314	7,819

The movements of provisions during the year/period were as follows:

	Years ended 31 December			Three months 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	4,433	5,313	6,381	7,314
Additional provisions	1,112	1,230	857	544
Unwinding of discount on provisions	281	332	384	90
Provisions utilised	(280)	(494)	(308)	(129)
Disposal of subsidiaries	(233)	–	–	–
Balance at the end of the year/period	5,313	6,381	7,314	7,819

Pursuant to the terms of the respective tenancy agreements entered into by the Group, the Group is required to return its leased properties to the conditions as stipulated in the tenancy agreements at the expiration of the corresponding lease term as appropriate. The provision for reinstatement costs was estimated based on certain assumptions and estimates made by the Group's management with reference to historical reinstatement costs and/or other available market information. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

25 EQUITY-SETTLED SHARE-BASED PAYMENTS

The table below sets forth share-based payments expenses for share options and RSUs during the Relevant Periods:

	Years ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Restricted Stock Units *(a)*	9,738	9,738	1,580	2,497	1,789
Employees' Share Option *(b)*	12,208	7,504	21,800	14,577	14,524
	21,946	17,242	23,380	17,074	16,313

The Group has the following share-based payment arrangements:

(a) Restricted Stock Units Scheme

The Group's ultimate controlling party, Mr. Du and his spouse, Ms. Han, operates a share-based incentive scheme (the "RSUs Scheme") under which the restricted stock units ("RSUs") of Banu Hotpot will be granted as share incentives to qualified directors and employees of Banu Hotpot and its subsidiaries through an employee shareholding platform (the "RSU platform"), Henan Bashi Gongchuang Enterprise Management Center (Limited Partnership), which was a shareholder of Banu Hotpot prior to the Reorganisation. Pursuant to the relevant terms of the RSUs Scheme, the RSUs have been converted into shares of Banu United Ltd upon the Reorganisation, which principal terms largely mirror that of the RSUs Scheme.

The RSUs granted would vest on specific dates, on condition that employees remain in service with performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

During the years ended 31 December 2019, 2020, 2021 and 2024, Mr. Du and Ms. Han had granted RSUs to certain directors and employees of the Group under the Scheme. Movements in RSUs granted to the Group's directors and employees and the respective weighted-average grant date fair value are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU
		RMB
Outstanding as of 1 January 2022	3,390,926	15.60
Vested during the year	(472,976)	17.62
Forfeited during the year	(611,290)	11.90
Outstanding as of 31 December 2022 and 1 January 2023	2,306,660	16.17
Vested during the year	(606,449)	15.67
Forfeited during the year	(236,537)	10.94
Outstanding as of 31 December 2023 and 1 January 2024	1,463,674	17.22
Granted during the year	149,070	33.97
Vested during the year	(291,108)	17.52
Forfeited during the year	(141,846)	29.05
Outstanding as of 31 December 2024	1,179,790	17.84
Vested during the period	(2,407)	33.97
Outstanding as of 31 March 2025	1,177,383	17.81

At 31 December 2022, 2023, and 2024 and 31 March 2025, the remaining vesting periods for RSUs granted during the years ended 31 December 2019, 2020, 2021 and 2024 are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
RSUs granted during the years ended 31 December:				
2019	2.75	1.75	0.75	0.50
2020	2.75	1.75	0.75	0.50
2021	4.00	3.00	2.00	1.75
2024	NA	NA	3.00	2.75

Share-based compensation expense relating to RSUs granted to directors and employees is based on the grant date fair value of the RSUs and is recognised on a straight-line basis over the entire vesting period. The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares of Banu Hotpot or the Company on the date of grant. The grant date fair value of the underlying ordinary shares was determined with the assistance of an independent third party valuation firm, PGA firm, and discounted cash flow method under the income approach was used. The discounted cash flow derived by management considered Banu Hotpot's future business plan, specific business and financial risks, the stage of development of Banu Hotpot's operations and economic and competitive elements affecting Banu Hotpot's business, industry and market.

RSUs were granted under a service condition and performance condition. This performance condition has been taken into account in the grant date fair value measurement of the services received. No dividends has been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the RSUs.

(b) Employees' Share Option Scheme

Prior to the Reorganisation, the Group has one share option scheme with three batches which were adopted on 1 April 2019, 1 April 2020 and 1 July 2021 respectively to invite certain directors and employees of the Group to take up options at predetermined consideration to subscribe for equity interests of Banu Hotpot (collectively, "Banu Hotpot Share Option Scheme").

Upon the completion of the Reorganisation, the options converted into the options to the ordinary shares of the Company, which principal terms are largely mirror that of the Banu Hotpot Share Option Scheme. After the Reorganisation, the Group further adopt two batches of share option scheme on 1 January 2024 and 1 January 2025, respectively. The options vest after certain years from the date of grant and are then exercisable within a period of ten years with the precondition to complete the [**REDACTED**]. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

Date of grant	Tranche number	Number of options granted	Vesting period	Contractual life of options
Options granted to directors and key management personnel:				
– on 1 April 2019	2019 T1	331,632	Six and half years after the date of grant	10 years
Options granted to other employees:				
– on 1 April 2019	2019 T2	112,279	Six and half years after the date of grant	10 years
Total share options granted		443,911		

Date of grant	Tranche number	Number of options granted	Vesting period	Contractual life of options
Options granted to directors and key management personnel:				
– on 1 April 2020	2020 T1	13,333	Five and half years after the date of grant	10 years

Date of grant	Tranche number	Number of options granted	Vesting period	Contractual life of options
Options granted to directors and key management personnel:				
– on 1 July 2021	2021 T1	249,930	Five and half years after the date of grant	10 years
Options granted to other employees:				
– on 1 July 2021	2021 T2	1,434,648	Five and half years after the date of grant	10 years
Total share options granted		1,684,578		

Date of grant	Tranche number	Number of options granted	Vesting period	Contractual life of options
Options granted to directors and key management personnel:				
– on 1 January 2024 . .	2024 T1	724,196	Four years after the date of grant	10 years
Options granted to other employees: . . .				
– on 1 January 2024 . .	2024 T2	1,091,580	Four years after the date of grant	10 years
Total share options granted		1,815,776		

Date of grant	Tranche number	Number of options granted	Vesting period	Contractual life of options
Options granted to directors and key management personnel:				
– on 1 January 2025	2025 T1	249,504	Four years after the date of grant	10 years
Options granted to other employees:				
– on 1 January 2025	2025 T2	779,700	Four years after the date of grant	10 years
Total share options granted		1,029,204		

(ii) The number and weighted average exercise prices of share options are as follows:

	Years ended 31 December						Three months 31 March	
	2022		2023		2024		2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		RMB		*RMB*		*RMB*		*RMB*
Outstanding at the beginning of the year/period	2,141,822	12.96	1,911,032	13.36	1,635,975	13.42	2,800,361	15.02
Granted during the year/period	-	NA	–	NA	1,815,776	16.62	1,029,204	19.95
Forfeited during the year/period	(230,790)	9.62	(275,057)	13.03	(651,390)	15.44	(134,021)	19.72
Outstanding at the end of the year/period	1,911,032	13.36	1,635,975	13.42	2,800,361	15.02	3,695,544	16.23

The share options outstanding at the end of each reporting period have the following exercise prices and weighted average remaining contractual life:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
Exercise price	RMB9.62, RMB11.54 or RMB13.85	RMB9.62, RMB11.54 or RMB13.85	RMB9.62, RMB11.54, RMB13.85 or RMB16.61	RMB9.62, RMB11.54, RMB13.85, RMB16.61 or RMB19.95
Weight-average remaining contractual life (years)	3.83	2.85	2.43	2.56

(iii) Fair value of share options and assumptions

The fair value of services received in return for the share options granted is measured by reference to the fair value of share options granted. The estimated fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model. Set out below are the fair value of share options and assumptions.

Fair value of share options and assumptions	**Tranche number**	
	2019 T1	*2019 T2*
Fair value at measurement date (being the date of grant) per option (RMB)	8.41	8.27
Number of options granted	331,632	112,279
Fair value at measurement date (being the date of grant) (RMB)	2,789,000	929,000
Exercise price (RMB)	9.62	9.62
Expected volatility	39.34%	39.34%
Expected option life	10 years	10 years
Early exercise level	2.8	2.2
Dividend yield	0.00%	0.00%
Risk-free rate	3.13%	3.13%

Fair value of share options and assumptions	**Tranche number**
	2020 T1
Fair value at measurement date (being the date of grant) per option (RMB)	13.84
Number of options granted	13,333
Fair value at measurement date (being the date of grant) (RMB)	185,000
Exercise price (RMB)	11.54
Expected volatility	43.40%
Expected option life	10 years
Early exercise level	2.8
Dividend yield	0.00%
Risk-free rate	2.56%

Fair value of share options and assumptions	**Tranche number**	
	2021 T1	*2021 T2*
Fair value at measurement date (being the date of grant) per option (RMB)	24.73	24.44
Number of options granted	249,930	1,434,648
Fair value at measurement date (being the date of grant) (RMB)	6,181,000	35,063,000
Exercise price (RMB)	13.85	13.85
Expected volatility	47.82%	47.82%
Expected option life	10 years	10 years
Early exercise level	2.8	2.2
Dividend yield	0.00%	0.00%
Risk-free rate	3.09%	3.09%

Fair value of share options and assumptions	Tranche number	
	2024 T1	*2024 T2*
Fair value at measurement date (being the date of grant) per option (RMB)	33.97	33.34
Number of options granted	724,196	1,091,580
Fair value at measurement date (being the date of grant) (RMB)	24,601,000	36,393,000
Exercise price (RMB)	16.62	16.62
Expected volatility	54.05%	54.05%
Expected option life	10 years	10 years
Early exercise level	2.8	2.2
Dividend yield	0.00%	0.00%
Risk-free rate	2.56%	2.56%

Fair value of share options and assumptions	Tranche number	
	2025 T1	*2025 T2*
Fair value at measurement date (being the date of grant) per option (RMB)	43.68	42.84
Number of options granted	249,504	779,700
Fair value at measurement date (being the date of grant) (RMB)	10,898,000	33,402,000
Exercise price (RMB)	19.95	19.95
Expected volatility	55.73%	55.73%
Expected option life	10 years	10 years
Early exercise level	2.8	2.2
Dividend yield	0.00%	0.00%
Risk-free rate	1.68%	1.68%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The fair values calculated are inherently subjective and uncertain due to the assumptions made and limitations of the model used. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition and performance condition. This performance condition has been taken into account in the grant date fair value measurement of the services received. Where share options are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such share options are reversed effective the date of the forfeiture. There were no market conditions associated with the share option granted.

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company was incorporated in the Cayman Islands on 23 November 2022 as part of the Reorganisation with an authorised share capital of USD50,000 divided into 500,000,000 shares with a par value of USD0.0001 each.

	No. of shares	Nominal value of fully paid shares	
		US$'000	*RMB'000*
Ordinary shares of US$0.0001 each, issued:			
At 23 November 2022 (date of incorporation)	–	–	–
Issue of shares	47,641,576	5	34
At 31 December 2022 and 1 January 2023	47,641,576	5	34
Issue of shares	7,553,787	1	5
At 31 December 2023, 31 December 2024 and 31 March 2025	55,195,363	6	39

(b) Movements in components of equity

Details of the changes in the Company's individual components of equity are set out below:

The Company		Share capital	Share premium	Capital reserve	Share-based payments reserve	Accumulated Losses	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 23 November 2022 (date of incorporation)		–	–	–	–	–	–
Issue of shares		34	–	–	–	–	34
Equity-settled share-based transactions	25	–	–	–	12,208	–	12,208
At 31 December 2022 and 1 January 2023		34	–	–	12,208	–	12,242
Loss and total comprehensive income for the year		–	–	–	–	(16,219)	(16,219)
Effect of reorganisation	*26(c)(ii)*	3	463,918	(41,052)	–	–	422,869
Reclassification of Redemption liabilities to equity	*26(c)(ii)*	2	–	109,929	–	–	109,931
Equity-settled share-based transactions	25	–	–	–	7,504	–	7,504
At 31 December 2023 and 1 January 2024		39	463,918	68,877	19,712	(16,219)	536,327
Loss and total comprehensive income for the year		–	–	–	–	(21,550)	(21,550)
Repurchase of Series A Preferred Shares	*26(c)(ii)*	–	–	7,409	–	–	7,409
Equity-settled share-based transactions	25	–	–	–	21,800	–	21,800
At 31 December 2024 and 1 January 2025		39	463,918	76,286	41,512	(37,769)	543,986
Loss and total comprehensive income for the period		–	–	–	–	(4,540)	(4,540)
Equity-settled share-based transactions	25	–	–	–	14,524	–	14,524
Dividends declared	*26(d)*	–	(70,000)	–	–	–	(70,000)
At 31 March 2025		39	393,918	76,286	56,036	(42,309)	483,970

(c) Nature and purposes of reserves

(i) Share premium

As at 31 December 2023 and 2024 and 31 March 2025, the share premium comprises capital contribution from shareholders of the Company in excess of the par value of shares issued.

Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

(ii) Capital reserve

Prior to 1 January 2022, the capital reserve of the Group represented the paid in capital, capital reserve of Banu Hotpot. During the Relevant Periods, the movement of capital reserve comprises the following:

– *Acquisition of non-controlling interest*

For the year ended 31 December 2022, the Group acquired an additional 20% equity interest of Beijing Tao Niang Internet Technology Co., Ltd. (北京桃娘網絡科技有限公司 "Beijing Tao Niang") from non-controlling shareholders at consideration of RMB180,000 in aggregate. The differences between the consideration paid and acquired proportionate interest in identifiable net liabilities of Beijing Tao Niang of RMB1,134,000 was recognised as a deduction from capital reserve.

– *Capital contribution by equity shareholders of companies now comprising the Group and recognition of redemption liabilities*

As detailed in Note 22, prior to the incorporation of the Company, Tomato No. 6 Partnership, Yellow Tomato and Henan Bashi Gongchuang Enterprise Management Center (Limited Partnership) (河南巴氏共創企業管理中心(有限合夥), "Henan Bashi Gongchuang") contributed capital of RMB110,000,000, 40,000,000 and 36,000,000, respectively, to Banu Hotpot.

As the granting of the redemption rights detailed in Note 22, redemption liabilities of RMB250,000,000 were recognised out from equity.

– *Effect of Reorganisation*

As detailed in Note 1, as part of the Reorganisation, Henan Bashi Gongchuang withdraw its equity interest in Banu Hotpot, and designated Banu United Ltd to subscribe the ordinary shares of the Company.

– *Reclassification of redemption liabilities to equity*

As detailed in Note 22, upon the completion of the Reorganisation, the Company issued certain number of ordinary shares to GYH L in exchange for its previous investment in Banu Hotpot, with no special right. The investment was reclassed from redemption liabilities to equity.

– *Repurchase of Series A Preferred Shares*

As detailed in Note 22, the Company entered into a share repurchase agreement with a holder of Series A Preferred Shares at consideration of RMB40,000,000 (equivalent to USD5,475,027). The difference between the carrying amount of the redemption liabilities and the consideration paid of RMB7,409,000 was recognised as "capital reserve".

(iii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of RSUs and unexercised share options granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii).

(iv) PRC Statutory reserve

Statutory reserves are established in accordance with the PRC Company Law and the Articles of Association of the companies comprising the Group which are incorporated in the PRC.

Appropriations to the reserves were required to allocate 10% of their profits after tax until the reserves reach 50% of their respective registered capital.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(d) Dividends

Dividends of nil, nil, nil and RMB70,000,000 were declared by the Company to its shareholders or Banu Hotpot to its then shareholders prior to the completion of the Reorganisation for the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, respectively. As at the date of this report, dividends of RMB70,000,000 had been fully paid.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the Relevant Periods. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The Group's trade debetors in connection with bills settled through payment platforms such as Unionpay, Alipay or Weixin Pay are with high credit rating and no past due history. The management of the Group considers these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers during the Relevant Periods, and accordingly, no provision for impairment of trade debetors in connection with bills settled through payment platforms is considered necessary by management for the Relevant Periods.

We have concentration of credit risk on trade debetors due from third parties and related parties as of each reporting period. Our management has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. The Group measures loss allowances for trade debetors at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Group provided loss allowance of RMB396,000, RMB888,000, RMB3,663,000 and RMB3,635,000 for trade debetors with a carrying amount of RMB14,245,000, RMB26,236,000, RMB24,280,000 and RMB12,185,000.

In determining the ECL for other receivables (excluding rental deposits) and amounts due from related parties with non-trade in nature, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Group provided loss allowance of nil, RMB17,371,000, RMB17,371,000 and RMB17,371,000 for other receivables and amounts due from related parties.

The Group does not provide any guarantee which would expose the Group to credit risk.

(b) Liquidity risk

In management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	121,715	–	–	–	121,715	121,715
Bank loans	101,746	–	–	–	101,746	100,117
Lease liabilities	133,587	105,849	223,434	78,238	541,108	470,803
Redemption liabilities	413,295	–	–	–	413,295	413,295
	770,343	105,849	223,434	78,238	1,177,864	1,105,930

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	177,281	–	–	–	177,281	177,281
Lease liabilities	143,658	115,480	217,959	61,367	538,464	473,988
Redemption liabilities	327,113	–	–	–	327,113	327,113
	648,052	115,480	217,959	61,367	1,042,858	978,382

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	216,449	–	–	–	216,449	216,449
Lease liabilities	143,991	123,297	214,470	50,987	532,745	472,150
Redemption liabilities	301,482	–	–	–	301,482	301,482
	661,922	123,297	214,470	50,987	1,050,676	990,081

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 March 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	238,606	–	–	–	238,606	238,606
Lease liabilities	146,969	115,177	197,092	43,775	503,013	447,239
Redemption liabilities	306,078	–	–	–	306,078	306,078
	691,653	115,177	197,092	43,775	1,047,697	991,923

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans, lease liabilities and redemption liabilities. Borrowings issued at fixed rates expose the Group to cash flow fair value interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 31 March 2025	
	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
Fixed rate borrowings:								
Bank loans	4.70-5.00	100,117	N/A	–	N/A	–	N/A	–
Lease liabilities	5.00-6.00	470,803	5.00-6.00	473,988	5.00-6.00	472,150	5.00-6.00	447,239
Redemption liabilities	8.00	413,295	8.00	327,113	8.00	301,482	8.00	306,078
Total borrowings		984,215		801,101		773,632		753,317
Fixed rate borrowings as a percentage of total borrowings		100%		100%		100%		100%

(ii) Sensitivity analysis

The Group does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group, such as cash and cash equivalents, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

Overall, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group is exposed to currency risk primarily from cash and cash equivalents and trade and other receivables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group's currency risk mainly arises from transactions denominated in USD.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the period end date.

	Exposure to foreign currencies (expressed in RMB)			
	As at 31 December			As at 31 March
	2022	2023	2024	2025
	USD	*USD*	*USD*	*USD*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	107,539	112,106	112,309
Trade and other receivables	34	36	36	36
Exposure arising from recognised assets	34	107,575	112,142	112,345

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss/profit after tax and accumulated losses/retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 31 March 2025	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
USD	1%	-*	1%	1,076	1%	1,121	1%	1,123
	(1)%	-*	(1)%	(1,076)	(1)%	(1,121)	(1)%	(1,123)

* The amount is less than RMB1,000.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

The following table presents the Group's financial assets that are measured at fair value at the end of the reporting date:

	Fair value at 31 December	Fair value measurements as at 31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– wealth management products	115,223	–	115,223	–

	Fair value at 31 December	Fair value measurements as at 31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– wealth management products	327,531	–	327,531	–

	Fair value at 31 March	Fair value measurements as at 31 March 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– wealth management products	366,992	–	366,992	–

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3.

For wealth management products issued by banks that are measured at FVPL, the fair value is determined by the net asset value of the products published by the issuing banks on the balance sheet date.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 31 March 2025 because of the short-term maturities of all these financial instruments.

28 COMMITMENTS

Capital commitments of the Group outstanding at 31 December 2022, 2023 and 2024 and 31 March 2025 not provided for in the Historical Financial Information were as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment	22,488	34,186	7,325	11,125
Authorised but not contracted for acquisition of property, plant and equipment	4,125	–	226	226
	26,613	34,186	7,551	11,351

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

For the Relevant Periods, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Beijing Tao Niang and its subsidiaries ("Beijing Tao Niang Group") *(note (i))*	Entities controlled by ultimate controlling party
Da Tang Shi	Associate of the Group
Henan BaMuXing	Associate of the Group
Yuanyang HongChuang	Associate of the Group
Suzhou Jiying	Associate of the Group

Note:

(i) In December 2022, the entire equity interest of Beijing Tao Niang was disposed to the affiliates of certain of the then shareholders of Banu Hotpot.

In July 2024, the then shareholders of Beijing Tao Niang entered into a disposal agreement with third parties in relation to the disposal of the equity interest in Beijing Tao Niang and Beijing Tao Niang Group are no longer related parties of the Group since then.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows.

	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and other benefits and discretionary bonuses	3,030	6,380	16,479	1,597	1,707
Contributions to defined contribution retirement plan	106	132	132	35	35
Equity-settled share-based payment expenses	6,447	6,447	1,031	1,608	1,185
	9,583	12,959	17,642	3,240	2,927

Total remuneration is included in "staff costs" (see Note 6(b)).

(c) Other related party transactions

During the Relevant Periods, the Group entered into the following material related party transactions:

Recurring	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Sales of materials to related parties					
– Da Tang Shi	12	31	38	32	–
– Beijing Tao Niang Group	–	14,984	7,132	4,201	–
Purchase of materials from a related party					
– Da Tang Shi	5,215	8,255	7,772	1,862	2,404

Non-recurring	Years ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loans to related parties					
– Beijing Tao Niang Group	–	2,062	–	–	–

(d) Balances with related parties

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Group had the following balances with related parties:

Amounts due from related parties

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature				
Trade debtors from related parties				
– Beijing Tao Niang Group	544	5,892	–	–
Advances to a related party *(notes (i)(ii))*				
– Yuanyang Hongchuang	71	–	–	–
	615	5,892	–	–
Non-trade in nature				
Loans to related parties *(notes (i)(ii))*				
– Beijing Tao Niang Group	15,309	–	–	–

Notes:

(i) The loans to Beijing Tao Niang Group and advances to Yuanyang Hongchuang are unsecured, interest-free and recoverable on demand and included in "Prepayments, trade and other receivables" (Note 16).

(ii) In view of the financial capability of Beijing Tao Niang Group and considered the future disposal plan, the Group provided fully loss allowance of RMB17,371,000 for the loans to Beijing Tao Niang during the year ended 31 December 2023. The other advances to related party rather than loans to Beijing Tao Niang Group are not considered individually impaired, and the ECL assessment in respect of these advances is performed on collective basis.

Amounts due to related parties

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature				
Trade payables				
– Da Tang Shi	426	613	733	773
Non-trade in nature				
Other payables				
– Beijing Tao Niang Group	–	18	–	–

The balances with these related parties are unsecured, interest-free and repayable on demand.

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the directors consider the immediate parent of the Group to be D&H (BVI) Ltd, which is incorporated in the BVI, and the ultimate controlling party of the Company to be Mr. Du and Ms. Han.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information of the Group.

32 NON-ADJUSTING EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the resolutions of the shareholders of the Company dated 5 June 2025, conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting the [**REDACTED**] of, and permission to [**REDACTED**] the ordinary shares of the Company, the ordinary shares of the Company will be [**REDACTED**] on a [**REDACTED**] basis immediately prior to the [**REDACTED**], and the nominal value of the ordinary shares of the Company will be changed from US$0.0001 each to US$[**REDACTED**] each (the "[**REDACTED**]"). Immediately after the [**REDACTED**], the authorised share capital of the Company will be US$50,000 divided into [**REDACTED**] ordinary shares.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 March 2025.

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 23, 2022 under the Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [**REDACTED**]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of technology) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person (whether physically or by virtual attendance with the use of technology), or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act, the Memorandum and Articles and any directions given by special resolution of the Company, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles and no direction given by special resolution of the Company shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of not less than three-fourths of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any members which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote. For the avoidance of doubt, votes may be cast by members by electronic means, if such means are provided.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other join holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of technology).

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognised clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of technology).

All members of the Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting (whether physically or by virtual attendance with the use of technology), except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of technology (if applicable).

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(A) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;

(B) the Board shall determine the date, time, place and details for members to attend virtually with the use of technology for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened, details for members to attend such postponed meeting virtually with the use of technology (if applicable) and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of technology), or in the case of a member being a corporation, by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of technology) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative. The appointor should be allowed to send the instrument appointing a proxy by electronic means.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 23 November 2022 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and

(b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

    (i) on or in respect of the shares, debentures or other obligations of the Company; or

    (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a "relevant entity" and is conducting one or more of the nine "relevant activities", then such company will be required to comply with the economic substance requirements in relation to the relevant activity from July 1, 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available on Display — Documents Available on Display" in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on November 23, 2022. Our registered office is at Citrus Grove, Ground Floor, 106 Goring Avenue, Suite 647, 10 Market Street, Camana Bay, George Town, Grand Cayman KY1-9006, Cayman Islands. Accordingly, our Company's corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in the section headed "Summary of the Constitution of the Company and the Company Laws of the Cayman Islands — 2. Articles of Association" in Appendix III to this Document.

Our headquarters and principal places of business in the PRC are at Level 2, Hopson Fortune Plaza, No. 23 Xidawang Road, Chaoyang District, Beijing, the PRC. Our Company has established its principal place of business in Hong Kong at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company on June 12, 2025 under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong. Ms. Fong Christine Haiman (方希琳), one of our joint company secretaries, and Ms. Chan Sze Ting (陳詩婷) have been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong.

2. Changes in the Share Capital of Our Company

As approved by our Shareholders' meeting held on June 5, 2025, conditional upon the Listing Committee of the Stock Exchange granting the [**REDACTED**] of, and permission to [**REDACTED**] the Shares, immediately prior to the [**REDACTED**], the Shares of our Company will be [**REDACTED**] on a [**REDACTED**] basis, and the par value of the Shares will be changed from US$0.0001 per Share to US$[**REDACTED**] per Share. Therefore, immediately after the [**REDACTED**] (assuming the [**REDACTED**] is completed and the [**REDACTED**] is not exercised), the authorized share capital of the Company became US$50,000 divided into [**REDACTED**] Shares of par value US$[**REDACTED**] each.

Save as disclosed above and the section headed "History, Reorganization and Corporate Structure", there had been no other alterations of share capital of our company within the two years preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this Document:

- On May 8, 2024, Chongqing JM Supply Chain Management Co., Ltd.* (重慶今每供應鏈管理有限公司) was established under the laws of the PRC with a registered capital of RMB10 million; and

- On September 19, 2024, the registered share capital of JM Supply Chain was decreased from RMB150 million to RMB100 million.

Save as disclosed above and the section headed "History, Reorganization and Corporate Structure", there had been no other alterations of share capital of our Company within the two years preceding the date of this Document.

4. Resolutions of our Shareholders

Pursuant to the written resolutions of all Shareholders passed on June 5, 2025 and [●], among other things:

(a) [the Memorandum and Articles of Association were approved and adopted conditional upon [**REDACTED**]];

(b) conditional upon the Listing Committee of the Stock Exchange granting the [**REDACTED**] of, and permission to [**REDACTED**] the Shares, the [**REDACTED**] and the [**REDACTED**] were approved;

(c) conditional upon the Listing Committee of the Stock Exchange granting the [**REDACTED**] of, and permission to [**REDACTED**] the Shares, the [**REDACTED**] was approved effective immediately prior to the [**REDACTED**];

(d) immediately upon completion of the [**REDACTED**], the automatic conversion of all of the issued and unissued Preferred Shares into ordinary Shares with a par value of US$[**REDACTED**] each on a one-for-one basis by way of re-designation and re-classification upon [**REDACTED**], following which all Shares upon [**REDACTED**] shall rank pari passu in all respects;

(e) subject to the Memorandum and Articles of Association taking effect, a general unconditional mandate was given to our Directors to exercise all the powers of our Company to (i) allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares which might require Shares to be allotted, issued, or dealt with, or to be sold and/or transferred out of treasury that are held as treasury shares, other than pursuant to the [**REDACTED**] or pursuant to a rights issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the number of the Shares in issue (excluding any treasury shares) immediately following completion of the [**REDACTED**];

(f) subject to the Memorandum and Articles of Association taking effect, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all the powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares shall not exceed 10% of the total number of Shares in issue immediately following the completion of the [**REDACTED**] and [**REDACTED**], excluding any treasury shares or Shares to be sold, or issued and allotted pursuant to the exercise of the [**REDACTED**] and without taking into account of any Shares that may be issued under the Share Option Scheme; and

(g) the Repurchase Mandate was extended by the addition to the number of the Shares which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by the Company pursuant to the mandate to purchase shares referred to in paragraph (e) above, provided that such amount shall not exceed 10% of the total number of the Shares in issue (excluding any treasury shares) immediately following the completion of the [**REDACTED**] and [**REDACTED**], excluding any Shares to be sold, or issued and allotted pursuant to the exercise of the [**REDACTED**] and without taking into account of any Shares that may be issued under the Share Option Scheme.

Each of the general mandates referred to in paragraphs (e), (f) and (g) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Repurchases of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of shares (which must be fully paid up) by a company with a primary [**REDACTED**] on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a written resolutions of all Shareholders dated June 5, 2025, the Repurchase Mandate was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the number of Shares in issue (excluding any treasury shares) immediately following the completion of the [**REDACTED**] and [**REDACTED**] but excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or under the [**REDACTED**] Scheme until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws of Hong Kong and the Cayman Islands. A [**REDACTED**] company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any repurchases by the Company may be made out of profits or out of the [**REDACTED**] of a new issue of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the repurchase over the par value of the shares to be repurchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue (excluding any treasury shares) immediately after the completion of the [**REDACTED**] and [**REDACTED**] (but not taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or under the [**REDACTED**] Scheme). Our Company may not issue new Shares, or a sale or transfer of any treasury shares, or announce a proposed issue of new Shares, or a sale or transfer of any treasury shares for a period of 30 days immediately following a share repurchase without the prior approval of the Stock Exchange. For the avoidance of doubt, this restriction will not apply to (i) a new issue of Shares, or a sale or transfer of treasury shares under a capitalization issue, (ii) a grant of share awards or options under a share scheme that complies with Chapter 17 of the Listing Rules or a new issue of Shares or a transfer of treasury shares upon vesting or exercise of share awards or options under the share scheme that complies with Chapter 17 of the Listing Rules, and (iii) a new issue of Shares or a transfer of treasury shares pursuant to the exercise of warrants, share options or similar instruments requiring the issuer to issue securities which were outstanding prior to the repurchase. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of [**REDACTED**] Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing [**REDACTED**] for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of 30 days immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

The Company may not purchase any of its Shares on the Stock Exchange for a period of 30 days after any sale or transfer of any treasury shares on the Stock Exchange, without the prior approval of the Stock Exchange.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, and whether the purchased Shares are cancelled following settlement of any such purchase or held as treasury shares, and where applicable, the reasons for any deviation from the intention statement previously disclosed by the Company. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly breakdown of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons and impact for repurchases

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of Hong Kong.

On the basis of the current financial position as disclosed in this Document and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this Document. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

(d) Interim measures

For any treasury shares of the Company deposited with CCASS pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

(i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS;

(ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or

(iii) taking any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(e) General

The Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares upon [**REDACTED**]. To the best knowledge of the Directors, neither the explanatory statement contained herein nor the proposed share repurchase has unusual features.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations in the Cayman Islands.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than such minimum percentage prescribed by the Stock Exchange could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this Document that are or may be material:

(a) the Amendment and Termination Agreement dated June 5, 2025 entered into among our Company, JM SUPPLY LTD, BANU TRIPE HOT POT LTD, BANU TRIPE HOT POT (HK) LIMITED, JM SUPPLY (HK) LIMITED, Delicious Forest Catering, JM Supply Chain, Banu Hotpot, Henan JM, Mr. Du, D&H (BVI) LTD, BANU FUTURE LTD, BANU UNITED LTD, GYH L Limited, Water Way Brand Ltd, Tomato Second Ltd, Tomato Fifth Ltd and Tomato Sixth Ltd pursuant to which shareholders' rights were agreed among the aforementioned parties; and

(b) [**REDACTED**]

2. Intellectual Property Rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our Group's business:

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Date of Registration	Expiry Date
1. . .	巴奴毛肚火锅 BANU HOTPOT	43	Banu Hotpot	306213104	Hong Kong	April 7, 2023	April 6, 2033
2. . .	巴奴	43	Banu Hotpot	36031278	PRC	January 14, 2020	January 13, 2030
3. . .	巴奴 毛肚火锅	43	Banu Hotpot	26628663	PRC	September 14, 2018	September 13, 2028
4. . .	巴奴 毛肚火锅	43	Banu Hotpot	27969428	PRC	January 21, 2019	January 20, 2029
5. . .	巴奴	43	Banu Hotpot	62402357	PRC	July 21, 2022	July 20, 2032
6. . .	巴奴 毛肚火锅	43	Banu Hotpot	54174366	PRC	January 14, 2022	January 13, 2032
7. . .	巴奴 毛肚火锅	43	Banu Hotpot	62396273	PRC	July 21, 2022	July 30, 2032

(b) Patents

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

No.	Patent Description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
1. . .	Hotpot (brass hammered three-flavour pot (火鍋(黃銅錘紋三味鍋))	Appearance design patent	Banu Hotpot	PRC	ZL20223 0432988.4	October 14, 2022	July 7, 2037
2. . .	A kind of induction cooker with good heat dissipation and air venting effect (一種散熱及排風效果良好的電磁爐)	Utility model patent	Banu Hotpot	PRC	ZL20222 2303211.5	December 27, 2022	August 30, 2032
3. . .	A new kind of three-flavour hotpot (一種新型三味火鍋)	Utility model patent	Banu Hotpot	PRC	ZL20222 2882207.9	February 24, 2023	October 30, 2032
4. . .	A new kind of three-flavour hotpot (一種鍋具支撐座)	1083718.2	Banu Hotpot	PRC	ZL20232 1083718.2	October 20, 2023	May 7, 2033
5. . .	A kind of smokeless cooking device (一種無煙烹飪裝置)	1083718.2	Banu Hotpot	PRC	ZL20232 1083641.9	October 31, 2023	May 7, 2033
6. . .	A kind of three-flavour hollow pot (一種三味中空鍋)	1083718.2	Banu Hotpot	PRC	ZL20232 0884804.7	November 28, 2023	November 17, 2033
7. . .	Induction cooker (round-centred and round-hole induction cooker (電磁爐(圓心圓孔電磁爐))	Appearance design patent	Banu Hotpot	PRC	ZL20223 0576670.3	December 20, 2022	August 31, 2037

(c) *Copyrights*

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright Name	Owner	Registration Number	Place of Registration	Date of Registration
1 . .	Banu Maodu Hotpot Logo ("巴奴毛肚火鍋"標誌)	Banu Hotpot	Guozuodengzi-2015-F-00177805	PRC	February 9, 2015
2 . .	*Service is not Banu's speciality, Tripe and Mushroom Soup is' Series* (《服務不是巴奴的特色，毛肚和菌湯才是》系列作品)	Banu Hotpot	Yuzuodengzi-2019-I-1583	PRC	November 27, 2019
3 . .	*Service is not Banu's speciality, Tripe and Mushroom Soup is' Series* (《服務不是巴奴的特色，毛肚和菌湯才是》系列作品)	Banu Hotpot	Yuzuodengzi-2019-I-1584	PRC	November 27, 2019
4 . .	Banu Maodu Hotpot Logo (2021) ("巴奴毛肚火鍋" LOGO (2021))	Banu Hotpot	Guozuodengzi-2021-F-000089779	PRC	April 21, 2021
5 . .	No excessive service, everything is exquisite (《服務不過度，樣樣都講究》)	Banu Hotpot	Guozuodengzi-2021-F-000089780	PRC	April 21, 2021
6 . .	Banu Maodu Hotpot Logo ("巴奴毛肚火鍋"標誌)	Banu Hotpot	Guozuodengzi-2021-F-00158688	PRC	July 13, 2021
7 . .	Bannu creative shop design series (巴奴創意門店設計系列)	Banu Hotpot	Guozuodengzi-2022-F-10039968	PRC	February 23, 2022
8 . .	Banu's Ingredients, Nature's Cuisine (巴奴食材•自然的美味)	Banu Hotpot	Guozuodengzi-2022-F-10211538	PRC	October 11, 2022
9 . .	Nature's cuisine (自然的美味)	Banu Hotpot	Guozuodengzi-2022-F-10211534	PRC	October 11, 2022

(d) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1.. . .	banu.cn	Banu Hotpot	October 2, 2011	October 2, 2025

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the [**REDACTED**] and [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme), so far as our Directors are aware, none of our Directors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in the Listing Rules.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders" and under the sub-section headed "D. [**REDACTED**] Share Incentive Schemes" below, immediately following the completion of the [**REDACTED**] and [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and the Share Option Scheme our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders in other members of our Group

As of the Latest Practicable Date, our subsidiaries were all wholly owned by us and our Directors are not aware of any persons who would, immediately following the completion of the [**REDACTED**], be directly or indirectly interested in 10% or more of the issued voting Shares of the other members of our Group (other than our Company).

2. Particulars of Service Contracts

We [have entered] into a service contract or a letter of appointment with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

3. Director's Remuneration

Save as disclosed in "Directors and Senior Management" and Note 8 to the Accountants' Report set out in Appendix I to this Document for the three years ended December 31, 2024 and the three months ended March 31, 2025, none of our Directors received other remunerations of benefits in kind from us.

4. Disclaimers

Save as disclosed in this Document, none of our Directors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

(ii) materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

D. [REDACTED] SHARE INCENTIVE SCHEMES

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme adopted by our Board in December 2022. As of the Latest Practicable Date, the options under the Share Option Scheme had been fully granted, and no further options will be granted under the Share Option Scheme upon [**REDACTED**]. As such, the terms of which are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of Share Option Scheme is to encourage contributions to the long-term success of the Group and its shareholders by Directors, employees, and business partners, and to provide a flexible mechanism to retain, incentivize, reward, compensate or offer benefits to them.

(b) Eligible Participants

Participants include any Directors, employees, and business partners who have contributed or are expected to contribute to the Group, as determined by the Board in its sole and absolute discretion.

(c) Duration

The Share Option Scheme shall be valid for ten (10) years from the date of adoption, unless earlier terminated by the Board.

(d) Administration

The Share Option Scheme shall be administered by the Board or a committee delegated by the Board (the "**Option Administrator**"). All decisions of the Board or the Option Administrator in relation to the Share Option Scheme shall be final and binding on all parties. The Board or the Option Administrator shall have the sole and absolute discretion.

(e) Maximum Number of Shares

The total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme shall not exceed [**REDACTED**]% of the total number of Shares in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), namely [**REDACTED**] Shares (taking into account the [**REDACTED**]).

(f) Performance Target

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise set out in the option grant letter (including the satisfaction of certain performance targets and/or the attainment or performance of milestones by any member of our Group, the grantee or any group of participants) as determined by our Board at its sole and absolute discretion.

(g) Restricted Period

The restricted period shall commence on the grant date and end at the time or times set forth on a schedule in the option grant letter; provided, however, that notwithstanding any such vesting dates, the Board may in its sole discretion accelerate the vesting of any options at any time and for any reason.

(h) Options

(i) Exercise price

The exercise price shall be determined by the Board and specified in the option grant letter to the grantee. It may be a fixed or variable amount with reference to the fair value per Share.

(ii) Vesting schedule

The Board or the Option Administrator will determine the vesting and/or exercisability provisions of each option (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in applicable option grant letter.

(iii) Term of Option

Each option shall expire at the time as otherwise determined by the Board or the Option Administrator.

(i) Restrictions on Transfer

Options granted under the Share Option Scheme shall not be transferable or assignable. No option may be sold, transferred, charged, mortgaged, encumbered or otherwise disposed of or made the subject of any interest in favour of any third party.

Outstanding Options Granted

Since the adoption of the Share Option Scheme, other than options, no other types of share awards have been awarded by our Company. No further awards or options will be granted under the Share Option Scheme upon [**REDACTED**].

As of the Latest Practicable Date, we have conditionally granted all the options under the Share Option Scheme, being an aggregate of [**REDACTED**] options, representing the right to subscribe for [**REDACTED**] Shares (taking into account the [**REDACTED**]) (the "**Outstanding Options**") to 142 grantees, who are our employees. None of the Outstanding Options was held by Directors, members of senior management, consultants or connected persons of the Company.

The number of the Shares underlying the Outstanding Options amounting to [**REDACTED**] Shares (taking into account the [**REDACTED**]) will only be issued by our Company after the [**REDACTED**] if such Outstanding Options are fully vested and exercised. Therefore, the Outstanding Options will have potential dilution effect on the Shares held by our Shareholders after the [**REDACTED**].

(a) As of the Latest Practicable Date, the Shares underlying the Outstanding Options (i.e., 4,030,392 Shares, without taking into account the [**REDACTED**]) represented approximately 6.72% of the current total issued Shares of our Company.

(b) The Shares underlying the Outstanding Options (i.e., [**REDACTED**] Shares taking into account the [**REDACTED**]) represented approximately [**REDACTED**]% of the total number of Shares in issue immediately after completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(c) The shareholding of our Shareholders upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) will be diluted by approximately [**REDACTED**]% if the Outstanding Options are fully vested and exercised.

As of the Latest Practicable Date, none of the grantees of the Share Option Scheme is a Director, senior management, consultant or a connected person of the Company.

The table below shows the details of the options granted to the grantees of our Group, subscribing for [**REDACTED**] Shares (taking into account the [**REDACTED**]), all of which remains outstanding as of the Latest Practicable Date.

Range of Shares underlying the options granted[(1)]	Total number of grantees	Date of grant	Exercise Period	Vesting Period	Exercise Price[(1)]	Number of Shares underlying the Outstanding Options granted as of the Latest Practicable Date[(1)]	Approximate percentage of shareholding immediately following completion of the [REDACTED][(2)]
1 to 100,000	47	December 22, 2022 or June 1, 2025	Ten years from date of grant	20% to be vested on each of the vesting commencement date, the first, second, third and fourth anniversary of the vesting commencement date	From RMB2.41 to RMB5.99	2,866,504	[**REDACTED**]%
100,001 to 200,000	87	December 22, 2022, January 1, 2024 or January 1, 2025	Ten years from date of grant	20% to be vested on each of the vesting commencement date, the first, second, third and fourth anniversary of the vesting commencement date	From RMB2.41 to RMB4.99	11,009,528	[**REDACTED**]%
200,001 to 500,000	8	December 22, 2022, January 1, 2024 or January 1, 2025	Ten years from date of grant	20% to be vested on each of the vesting commencement date, the first, second, third and fourth anniversary of the vesting commencement date	From RMB3.46 to RMB4.99	2,245,536	[**REDACTED**]%

Notes:

(1) Taking into account the completion of [**REDACTED**].

(2) Assuming the completion of [**REDACTED**], no exercise of the [**REDACTED**], and without taking into account of any Shares that may be issued under the Share Option Scheme.

We have applied for, and [have been granted] (i) a waiver from the Stock Exchange from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) a certificate of exemption from the SFC from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. For details, see "Waivers and Exemption" in this Document.

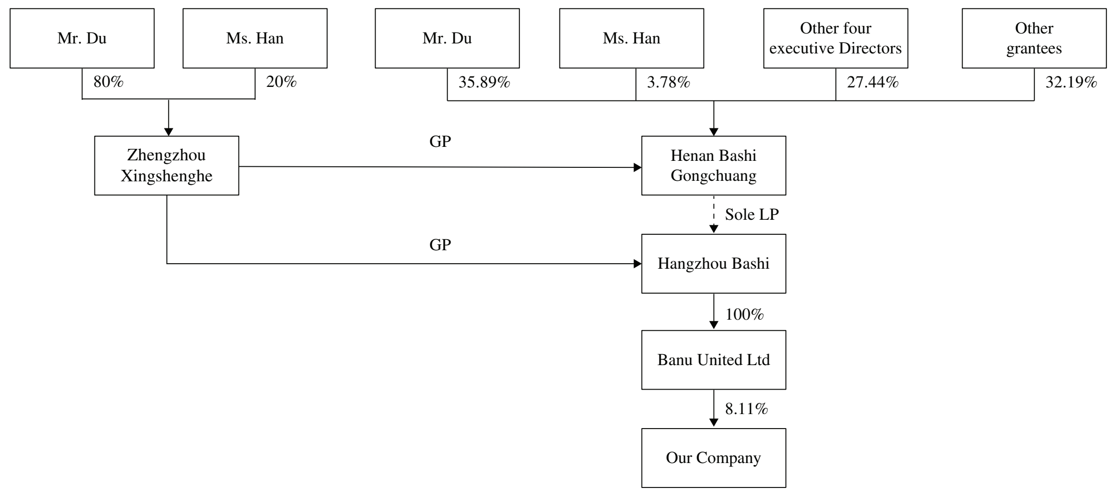
2. Restricted Share Award Scheme

The following is a summary of the principal terms of the Restricted Share Award Scheme adopted by our Board in December 2022, the terms of which are not subject to the provisions of Chapter 17 of the Listing Rules as the awards under Restricted Share Award Scheme had been fully granted and it does not involve any further grant of awards by the Company after the [**REDACTED**].

All awards granted had been vested and all of the participants have subscribed and paid up the limited partnership interests of Henan Bashi Gongchuang. No further awards will be granted after the date of this Document under the Restricted Share Award Scheme and the Restricted Share Award Scheme will not cause any dilution of the shareholding of our Shareholders after the [**REDACTED**].

BANU UNITED LTD is the employee incentive platform of the Restricted Share Award Scheme, and subscribed for 4,865,363 Shares (without taking into account the [**REDACTED**], representing approximately 8.11% of our total issued Shares as at the Latest Practicable Date. BANU UNITED LTD is wholly owned by Hangzhou Bashi. The general partner of Hangzhou Bashi is Zhengzhou Xingshenghe, which is wholly owned by Mr. Du and Ms. Han, holding approximately 0.0021% partnership interest therein. The sole limited partner of Hangzhou Bashi is Henan Bashi Gongchuang, holding approximately 99.9979% partnership therein. The partners of Henan Bashi Gongchuang include (a) Zhengzhou Xingshenghe as the sole general partner, holding approximately 0.71% partnership interests therein, (b) Mr. Du, holding approximately 35.89% partnership interests therein, (c) Ms. Han holding approximately 3.78% partnership interest, and (d) other 40 limited partners holding approximately 59.63% partnership interest in aggregate, who are or were our employees or consultant.

See below structure of our employee incentive platform for the Restricted Share Award Scheme as of the date of this Document:



(a) Purpose

The purpose of the Restricted Share Award Scheme is to encourage contributions to the long-term success of the Group by Directors, employees and business partners, and to provide a flexible mechanism to retain, incentivise, reward, compensate or offer benefits to them.

(b) Eligible Participants

Participants include any Directors, employees, and business partners who have contributed or are expected to contribute to the Group, as determined by the Board in its sole and absolute discretion (the "**Eligible Participants**").

(c) Duration

The Restricted Share Award Scheme shall be valid for a period of ten (10) years from the date of adoption, unless earlier terminated by the Board or by ordinary resolutions of the Shareholders. Termination shall not affect any rights already granted to the participants.

(d) Administration

The Restricted Share Award Scheme shall be administered by the Board, or a committee delegated by the Board (the "**RSU Administrator**"). All decisions of the Board or the RSU Administrator in relation to the Restricted Share Award Scheme shall be final and binding on all parties. The Board or the RSU Administrator shall have the sole and absolute discretion.

(e) Total Number of Shares and Subscription Price of the Awards

BANU UNITED LTD is the employee incentive platform of the Restricted Share Award Scheme, and subscribed for 4,865,363 Shares (without taking into account the [**REDACTED**]). The subscription price per corresponding Share underlying the Awards granted were from RMB9.62 to RMB49.63 per Share (without taking into account the [**REDACTED**]).

(f) Transferability and Transfer Restrictions

Unvested restricted shares shall not be sold, transferred, pledged, charged, encumbered or otherwise disposed of, nor shall any interest therein be created in favour of any third party. Except for circumstances specified under the terms of Restricted Share Award Scheme, the partnership interests of the Eligible Participants shall be subject to certain transfer restrictions and/or performance targets under the Restricted Share Award Scheme, for a term of four years from the vesting commencement date.

(g) Details of the grantees

Awards in respect of underlying Shares representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately following the completion of the [**REDACTED**] and [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be issued under the Share Option Scheme) had been granted to 40 grantees under the Restricted Share Award Scheme.

Details of the Awards granted to Directors and senior management of our Company under the Restricted Share Award Scheme are set out below:

Name	Position	Dates of Grant	Approximate partnership interests in Henan Bashi Gongchuang as of the Latest Practicable Date	Approximate percentage of shareholding in the Company prior to the [REDACTED]	Approximate percentage of shareholding in the Company after the [REDACTED][(1)]
Mr. Liu Changqing . .	Executive Director and vice chairman of the Board	December 22, 2022	5.64%	0.46%	**[REDACTED]**%
Mr. Li Hao . . .	Executive Director and our chief executive officer	December 22, 2022	10.26%	0.83%	**[REDACTED]**%
Mr. Liu Niankang . . .	Executive Director and our chief financial officer	December 22, 2022	6.41%	0.52%	**[REDACTED]**%
Ms. Xu Chu. . .	Executive Director and our chief operating officer	December 22, 2022	5.13%	0.42%	**[REDACTED]**%
Other 36 grantees. . . .	N/A	December 22, 2022 or January 1, 2024	32.19%	2.61%	**[REDACTED]**%

Note:

(1) Assuming the completion of [**REDACTED**], no exercise of the [**REDACTED**], and without taking into account of any Shares that may be issued under the Share Option Scheme.

E. OTHER INFORMATION

1. Litigation

As of the Latest Practicable Date, we are not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

2. No Material Adverse Change

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since March 31, 2025, being the end date of our latest audited financial statements, and there has been no event since March 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

3. The Joint Sponsors

The Joint Sponsors are independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The fee payable by our Company to the Joint Sponsors to act as sponsor to our Company in connection with the [**REDACTED**] is US$1,000,000 in total.

4. Preliminary expenses

We have not incurred any material preliminary expenses.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities under the SFO

Name	Qualification
CMB International Capital Limited	A corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Jingtian & Gongcheng	Legal adviser to our Company as to PRC laws
Harney Westwood & Riegels	Legal adviser to our Company as to Cayman Islands laws
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

7. Consent of Experts

Each of the experts named above has given and has not withdrawn its respective written consent to the issue of this Document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this Document in the form and context in which it is respectively included.

8. Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Bilingual Document

The English and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

MISCELLANEOUS

Save as otherwise disclosed in this Document:

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong; and

(h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 7. Consent of Experts" in Appendix IV to this Document; and

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Company's website (**http://www.banu.cn**) and the Stock Exchange's website (**https://www.hkexnews.hk**) up to and including the date which is 14 days from the date of this Document:

(a) the Memorandum and Articles of Association of our Company;

(b) the audited consolidated financial statements of our Group for the three years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025;

(c) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this Document;

(d) the report on the unaudited [**REDACTED**] financial information from KPMG, the text of which is set out in Appendix II to this Document;

(e) the legal opinion issued by Jingtian & Gongcheng, our PRC Legal Adviser in respect of general matters and property interests of our Group in the PRC;

(f) the letter of advice from Harney Westwood & Riegels, our legal adviser as to the laws of the Cayman Islands, summarizing certain aspects of the Cayman Companies Act referred to in Appendix III to this Document;

(g) the report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a summary of which is set forth in the section headed "Industry Overview";

(h) the material contracts referred to in the section entitled "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this Document;

(i) the written consents referred to in the section entitled "Statutory and general information — E. Other Information — 7. Consent of Experts" in Appendix IV to this Document;

(j) the service contracts and the letters of appointment with our Directors referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Service Contracts" in Appendix IV to this Document;

(k) the terms of the Share Option Scheme; and

(l) the Cayman Companies Act.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a list of grantees under the Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Davis Polk & Wardwell at 10/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Document.