

GLOSSARY OF TECHNICAL TERMS

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 As a result, it has increasingly been replaced by safer and more stable alternatives, such as enzyme-based tenderization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

GLOSSARY OF TECHNICAL TERMS

“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