
THE DISTRIBUTION AND SPIN-OFF

DISTRIBUTION

Information on the Haidilao International Distribution

As approved and authorized by the Haidilao International Shareholders on August 22, 2022, on [December 15], 2022, the Haidilao International Board declared the Haidilao International Distribution to the Qualifying Haidilao International Shareholders. The Haidilao International Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Haidilao International Shareholders of an aggregate of [REDACTED] Shares, representing 90% of the issued share capital of our Company, being the entire interest to which Haidilao International will be entitled immediately before the Haidilao International Distribution and the Spin-off, in proportion to their respective shareholdings in Haidilao International as of the [REDACTED]. Pursuant to the Haidilao International Distribution, the Qualifying Haidilao International Shareholders will be entitled to one Share for every [REDACTED] Haidilao International Shares held as of the [REDACTED].

The Spin-off will be implemented by way of a distribution in specie alone, which will not constitute a transaction of Haidilao International under Chapter 14 of the Listing Rules and accordingly, Haidilao International is not required to comply with the requirements under Chapter 14 of the Listing Rules.

The Haidilao International Distribution was approved by the Haidilao International Shareholders on August 22, 2022 as required under Article 134 of the articles of association of Haidilao International.

Condition to the Haidilao International Distribution

The Haidilao International Distribution is conditional on the Stock Exchange granting approval for the listing by way of introduction of, and permission to deal in, our Shares on the Main Board of the Stock Exchange and such approval not having been revoked prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. If this condition is not satisfied, the Haidilao International Distribution will not be made and the Spin-off will not take place.

Non-Qualifying Haidilao International Shareholders

The distribution of our Shares under the Haidilao International Distribution to certain Haidilao International Shareholders may be subject to laws of jurisdictions outside Hong Kong. The Haidilao International Shareholders and the Beneficial Haidilao International Shareholders are in/or who are located or residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Haidilao International Shareholders and the Beneficial Haidilao International Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Haidilao International Distribution, including obtaining any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

THE DISTRIBUTION AND SPIN-OFF

The Haidilao International Overseas Shareholders and the Beneficial Haidilao International Shareholders should consult their professional advisors if they are in any doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt, acquisition, retention, disposal or otherwise with respect to our Shares. It is emphasized that none of Haidilao International, our Company, the Joint Sponsors, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts any responsibility in relation to the above.

The Non-Qualifying Haidilao International Shareholders refer to the Haidilao International Shareholders with registered addresses in, or the Haidilao International Shareholders or the Beneficial Haidilao International Shareholders who are otherwise known by Haidilao International to be residents of or located in, jurisdictions outside Hong Kong as of the [REDACTED] and whom the Haidilao International Board and our Board, based on inquiries made on their behalf and the legal advice provided by their legal advisors, consider it necessary or expedient to exclude them from receiving the Shares pursuant to the Haidilao International Distribution on account of the legal restrictions under the applicable laws of the relevant jurisdictions where the Haidilao International Shareholders or the Beneficial Haidilao International Shareholders are residents of or located in and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions. The relevant Non-Qualifying Haidilao International Shareholders will not receive any Shares.

Our Shares which the Non-Qualifying Haidilao International Shareholders would otherwise receive pursuant to the Haidilao International Distribution will be sold by Haidilao International on their behalf on the market as soon as reasonably practicable following the commencement of dealings in our Shares on the Main Board of the Stock Exchange. The aggregate proceeds of such sale (net of expenses and taxes) will be paid to the relevant Non-Qualifying Haidilao International Shareholders (in proportion to their respective shareholdings in Haidilao International as of the [REDACTED]) in Hong Kong dollars in full satisfaction of the relevant Shares which they would otherwise receive pursuant to the Haidilao International Distribution, provided that if the amount that a Non-Qualifying Haidilao International Shareholder would be entitled to receive is less than HK\$100, such sum will be retained for the benefit of Haidilao International. Such payment of net proceeds to the Non-Qualifying Haidilao International Shareholders is expected to be made on or around [REDACTED].

As of the Latest Practicable Date, based on the information provided by Haidilao International, there were three Haidilao International Shareholders whose address registered in the register of members of Haidilao International were located in jurisdictions other than Hong Kong, namely in the BVI.

THE DISTRIBUTION AND SPIN-OFF

If there is any other jurisdiction outside Hong Kong which is not referred to above in which the address of any Haidilao International Shareholder as shown in the register of members of Haidilao International as of the [REDACTED] is located or any Haidilao International Shareholder or Beneficial Haidilao International Shareholder as of the [REDACTED] is otherwise known by Haidilao International to be located or resident, and such Haidilao International Shareholders should, in the view of the Haidilao International Board and our Board having made the relevant inquiries and having considered the circumstances, be excluded from receiving our Shares pursuant to the Haidilao International Distribution on the basis of the legal restrictions under the applicable laws of such jurisdiction or the requirements of the relevant regulatory bodies or stock exchanges in such jurisdiction, our Company will make an announcement.

With respect to any Excluded Jurisdiction, Haidilao International will send a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that, in light of applicable laws and regulations of the Excluded Jurisdictions to the extent they hold any Haidilao International Shares on behalf of any Beneficial Haidilao International Shareholder with an address located in any of the Excluded Jurisdictions they should sell our Shares which they receive pursuant to the Haidilao International Distribution on behalf of such Beneficial Haidilao International Shareholder(s) and pay the net proceeds of such sale to such Beneficial Haidilao International Shareholder(s).

None of Haidilao International, our Company or the Joint Sponsors take any responsibility for the sale of such Shares or the payment of the net proceeds of the sale of such Shares to any such underlying Beneficial Haidilao International Shareholders.

Haidilao International and our Company reserve the rights, in its and our absolute discretion, to allow the participation of any Haidilao International Shareholder or Beneficial Haidilao International Shareholder in the Haidilao International Distribution.

INFORMATION FOR THE HAIDILAO INTERNATIONAL OVERSEAS SHAREHOLDERS

Haidilao International PRC Stock Connect Investors

According to the “Stock Connect Shareholding Search” available on the Stock Exchange’s website (www.hkexnews.hk), as of the Latest Practicable Date, China Clear held 227,429,264 Haidilao International Shares, representing approximately 4.07% of the total issued Haidilao International Shares. China Clear is a CCASS Participant with HKSCC Nominees.

The Haidilao International Board and our Board have made the relevant inquiries and have been advised by our PRC Legal Advisor that the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect (the “**Shanghai Connect**”) and/or Shenzhen-Hong Kong Stock Connect (the “**Shenzhen Connect**”) who hold the Haidilao International Shares through China Clear as nominee (the “**Haidilao International PRC Stock Connect**”

THE DISTRIBUTION AND SPIN-OFF

Investors”) may hold our Shares pursuant to the Haidilao International Distribution through China Clear. In addition, according to our PRC Legal Advisor, pursuant to the Shanghai Stock Exchange Measures for the Implementation of Shanghai-Hong Kong Stock Connect (《上海證券交易所滬港通業務實施辦法》) and the Shenzhen Stock Exchange Measures for the Implementation of Shenzhen-Hong Kong Stock Connect (《深圳證券交易所深港通業務實施辦法》), the Haidilao International PRC Stock Connect Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with our Shares may only sell them on the Stock Exchange under Shanghai Connect and Shenzhen Connect.

Haidilao International PRC Stock Connect Investors should seek advice from their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisors for details of the logistical arrangements as required by China Clear.

BVI Haidilao International Overseas Shareholders

The Haidilao International Distribution does not constitute and shall not be construed as an offer directly or indirectly to the public in the BVI or a natural person who is a BVI resident or who is domiciled in the BVI to purchase or subscribe for the Shares. The Shares to be distributed pursuant to the Haidilao International Distribution may be received by a BVI business company (as defined in the BVI Business Companies Act, 2004 (as amended)) but not by any person who is a resident of, or who is domiciled in, the BVI nor by a custodian, nominee or trustee of any such person.

All Haidilao International Overseas Shareholders

This listing document is for the exclusive use by Haidilao International Shareholders solely for the purpose of assessing the Haidilao International Distribution and should not be used other than in connection with such purpose. This listing document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Shares or to take up any entitlements to the Shares or any solicitation or act in furtherance to a trade in any jurisdiction in which such an offer or solicitation or act is unlawful.

Neither the Shares nor this listing document has been or will be registered under the securities laws of any jurisdiction. Accordingly, unless otherwise disclosed above, the Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any such jurisdictions, absent registration or qualification under the respective securities laws of such jurisdictions, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

It is the responsibility of any person (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to receive or purchase, hold or dispose of, or deal in, the Shares or exercise any rights attached to the Shares to satisfy himself/herself/itself

THE DISTRIBUTION AND SPIN-OFF

as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Haidilao International Shareholders should note that they will not be required to pay or provide any consideration to Haidilao International or us for any Shares received pursuant to the Haidilao International Distribution. Receipt of our Shares by any person pursuant to the Haidilao International Distribution will be deemed to constitute a representation and warranty from such person to our Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representation and warranty. Such persons should consult their professional advisors if in doubt.

THE SPIN-OFF AND LISTING BY INTRODUCTION

If the Spin-off proceeds, it will be implemented in compliance with the Listing Rules. The Spin-off will be effected through a listing of our Shares by way of introduction and the Haidilao International Distribution whereby the Qualifying Haidilao International Shareholders will receive the relevant Shares. The Spin-off does not involve an offering of our Shares or any other securities of our Company for purchase or subscription and no money will be raised in conjunction with the Spin-off.

Reasons for and Benefits of the Spin-off

Our Group incurred net losses during the Track Record Period, primarily due to the adverse effects of the COVID-19 pandemic as well as the rapid expansion of the restaurant network. Despite this, our Group expects to further improve the financial performance and achieve net profitability in the near future through continuous revenue growth and improved cost efficiency, primarily by (a) improving performance at the restaurant level, (b) ramping up new restaurants, namely targeting to achieve monthly breakeven and generate operating profit with respect to the new restaurants, while controlling the pace of new restaurant openings, and (c) controlling costs. Notwithstanding the loss-making status of our Group, Haidilao International considers that the Spin-off is in the interests of Haidilao International, our Company and respective shareholders as a whole and the Spin-off will position each of the Retained Group and our Group better for growth in their/our respective businesses and deliver clear benefits to both due to the following reasons:

- (a) by way of a distribution in specie, Haidilao International Shareholders will be entitled to the entire interest of the Company to which Haidilao International will be entitled immediately before the Haidilao International Distribution and the Spin-off on a pro-rata basis, and therefore the interest of Haidilao International Shareholders will not be diluted as a result of the Spin-off. Haidilao International Shareholders will continue to enjoy the benefits from our future development and growth through their shareholdings in both the Retained Group and our Group;

THE DISTRIBUTION AND SPIN-OFF

- (b) the Spin-off will provide the Shareholders and potential investors of the Company with more disclosure on the business development, financial performance and operation management of our Group in a detailed and periodical manner to the extent as required under the Listing Rules as a public company, and therefore the Shareholders and potential investors of the Company shall have access to sufficient information for them to make an informed investment decision on the Company;
- (c) Haidilao International Group has always been strengthening its presence in non-Greater China regions as one of the key strategies to drive future growth for the benefits of its shareholder as a whole considering the proven multi-regional operations and increasing popularity of Chinese cuisine in the international market as well as the commitment to deliver constantly high-quality foods and services to global customers. The Spin-off will provide our Group with an independent listing status which would strengthen the brand image and enhance the Company’s reputation in the international market. On the back of these as well as subsequent independent marketing activities, improved corporate governance, highly regulated operation and transparent public communications, the Company will be credited, as an independent listing company, to win and attract new customers more easily, generate higher customer retention and enhance customer loyalty, thus cultivating its customer bases and better grasping the market potentials of Chinese cuisine restaurants in the international markets, and thereby providing the Haidilao International Shareholders with potential investment returns in both the short and long terms;
- (d) the Spin-off will enable more focused development and strategic planning, better allocation of resources for the respective businesses given their/our distinctive geographic nature, and therefore, unlock the value of the developing business of our Group and provide Haidilao International and the Haidilao International Shareholders an opportunity to realize the value of their investment in our Group under a separate standalone listing platform;
- (e) the Spin-off will enable our Group to obtain a separate listing status and an independent fund-raising platform. The Spin-off will enhance the corporate governance, management incentive mechanism and operational efficiency of our Group. As a separately listed group, our Company will be in a better position to independently negotiate and solicit more businesses. After the Spin-off, both the Retained Group and our Group will have separate fundraising platforms that have direct access to both equity and debt capital markets, which will be of the benefit to both groups’ existing operations and future expansion. Potential investors will have the choice to invest in either one or both of the businesses and shareholders will have the opportunity to realize the value of their investment in the Retained Group and our Group. Our Group will be able to attract new investors who are seeking focused investments, specifically in the international restaurants business; and

THE DISTRIBUTION AND SPIN-OFF

- (f) the Spin-off will strengthen the operational management ability of both the Retained Group and our Group where their/our respective management teams can focus more efficiently and effectively on each business and improve their/our abilities to recruit, motivate and retain key management personnel for each line of business as well as to expediently and effectively capitalize on any business opportunities that may arise, thereby enforcing their/our respective expansion and improving operating and financial performance, which in turn aiming to provide better returns to the shareholders of both the Retained Group and our Company.

[REDACTED]

THE DISTRIBUTION AND SPIN-OFF

[REDACTED]