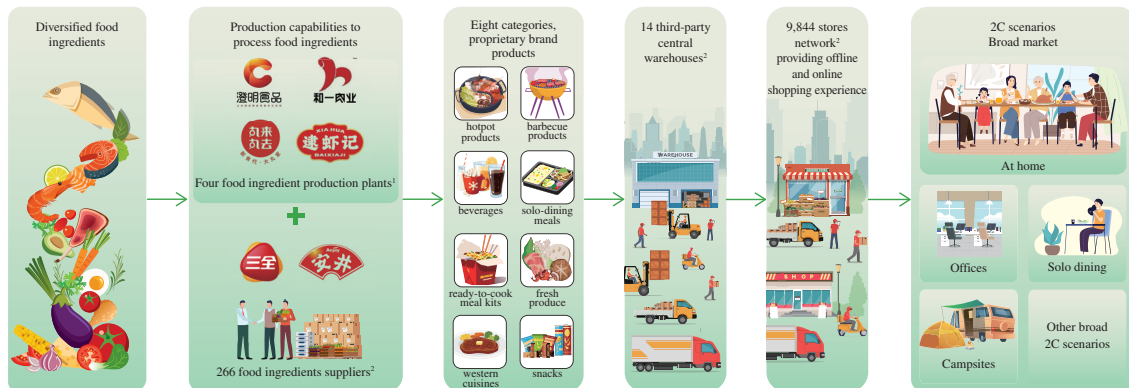


## SUMMARY

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

## OVERVIEW

We are the leading and a rapidly growing home meal products brand in China. We offer a variety of ready-to-eat, ready-to-heat, ready-to-cook and prepared ingredients, with a focus on at-home hotpot and barbecue products. With a carefully curated product portfolio and an extensive network of community-based stores, we enable consumers to enjoy meals at home with convenience, affordability and tastiness. Leveraging our robust supply chain and production capabilities, we offer a wide variety of home meal products under the Guoquan Shihui (鍋圈食匯) brand through a nationwide network of 9,844 retail stores in China as of April 30, 2023, serving diverse dining scenarios. Our business model is illustrated by the following diagram:



### Notes:

- As of April 30, 2023, we had three food ingredient production plants, Heyi Plant (和一工廠) for the production of our beef products, Wanlai Wanqu Plant (丸來丸去工廠) for the production of meatballs, Chengming Plant (澄明工廠) for production of our hotpot soup base products, and had made investments in one of our suppliers, Daixiaji (達蝦記) for the production of our shrimp paste products
- As of April 30, 2023

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## SUMMARY

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We are the leading one-stop home meal products brand in China, ranking first among all retailers in China in 2022 in terms of retail sales value of home meal products, with a market share of 3.0% in China, according to Frost & Sullivan. Home meal products include ready-to-eat, ready-to-heat, ready-to-cook foods and prepared ingredients. As the fastest growing segment of China's home dining market, home meal products market had a size of RMB367.3 billion in 2022, accounting for 6.5% of China's home dining market in 2022. The home meal products market in China is highly fragmented, with both domestic and international players competing for market share, making it challenging for market players to differentiate products and establish unique value propositions. We strategically entered into China's home meal products market specializing in at-home hotpot and barbecue products and were the largest at-home hotpot and barbecue brand in China in 2022 in terms of retail sales value, according to Frost & Sullivan.

We established the largest one-stop home meal products retail store network in China as of December 31, 2022 in terms of number of retail stores, according to Frost & Sullivan. Leveraging on such store network, we offer both online and offline shopping experience and amassed over 100 million orders in 2022 alone. Our network of retail stores across China further increased from 9,221 as of December 31, 2022 to 9,844 as of April 30, 2023.

We are also devoted to developing products under our proprietary brand name carrying the Guoquan Shihui logo. As the leading one-stop home meal products brand in China, we are well positioned to capture the significant growth potential in China's home meal products market. We offer tasty, convenient and value-for-money home meal products underpinned by high quality food ingredients that have an immense potential for creating new and diverse products, to cater to different dining scenarios. Our product portfolio comprises eight categories including hotpot products, barbecue products, beverages, solo-dining meals, ready-to-cook meal kits, fresh produce, western cuisines and snacks, totaling 710 SKUs as of April 30, 2023, with approximately 95% of our nationally available SKUs under our proprietary brand carrying the Guoquan Shihui logo.

We have established a store network primarily comprising franchised stores. Under our franchise business model, we derive substantially all of our revenue from the sale of our products to franchisees, who open and operate franchised stores under our brand and sell our products to consumers. We enter into franchise agreements with franchisees granting them the right to operate franchised stores carrying our brand and trademarks. We do not charge or rely on franchise fees. In selecting our franchisees, we take into account their industry experience, financial circumstances, recognition of our value and management philosophy and their passion and long-term commitment towards operating our franchised stores. In addition, as of April 30, 2023, we had six self-operated stores for the purpose of providing a model for franchised stores as well as acting as pilot programs for innovative store operation and management strategies and tools, marketing activities, digital tools and new decoration styles, among others, before introducing them to our franchised stores. As of April 30, 2023, we established a network of 9,844 stores under our Guoquan Shihui brand in China, covering 29 provinces, autonomous regions and municipalities in China.

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## SUMMARY

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We have also been developing online sales channels including our Guoquan APP, WeChat mini-program as well as on popular social commerce platforms such as Douyin. In addition, we partner with third-party food delivery platforms, such as Meituan and Ele.me to deliver our products to consumers. Leveraging the highly efficient management and operation of our supply chain and our digitalized management system, we are able to ensure product quality and safety, as well as achieve high operational efficiency from food production to retail sales.

We experienced significant growth during the Track Record Period. Our total revenue increased by 33.5% from RMB2,964.7 million in 2020 to RMB3,957.8 million in 2021 and further by 81.2% to RMB7,173.5 million in 2022. For the four months ended April 30, 2023, we achieved a total revenue of RMB2,078.2 million. Our gross profit increased by 7.9% from RMB329.3 million in 2020 to RMB355.3 million in 2021, and further by 251.5% to RMB1,249.0 million in 2022, and increased by 47.7% from RMB297.5 million for the four months ended April 30, 2022 to RMB439.3 million for the same period in 2023. Our gross profit margin was 11.1%, 9.0%, 17.4%, 13.8% and 21.1% in 2020, 2021 and 2022 and for the four months ended April 30, 2022 and 2023, respectively. Our significant growth has enabled us to capitalize on the advantages of economies of scale. This has been accomplished through our rapid expansion of store network, our focus on cost optimization, elevated brand recognition and our efforts to further advance our digitalization initiatives and improved operating efficiency from food production to retail sales. As a result of these efforts, we broke even in 2022 with a net profit of RMB241.0 million and continued to record a net profit of RMB119.6 million for the four months ended April 30, 2023.

### OUR MARKET OPPORTUNITIES

The dining tables of Chinese people are traditionally an important place for families to dine and for people to have close exchanges with one another. At present, people principally dine in four ways, namely (i) buying groceries to cook at home, (ii) dining at restaurants, (iii) having food delivered from restaurants, and (iv) enjoying home meal products. China's dining market grew at a CAGR of 7.8% since 2018, reaching a market size of RMB9,315.1 billion in 2022. With the development of China's economy as well as changes in people's lifestyles and consumption patterns, although the first three dining options remain to be the predominant dining options among Chinese people, home meal products are gaining traction as an emerging option, growing at a CAGR of 25.5% from 2018 to RMB367.3 billion in 2022.

Home meal products as the fourth dining option aim to strike the balance between nutrition, taste, hygiene and efficiency. Home meal products include ready-to-eat, ready-to-heat, ready-to-cook foods and prepared ingredients. Consumers can see and tailor what ingredients and flavors go into what they eat and can easily prepare a meal with minimal cooking skills. As different dining scenarios can be satisfied and a wide variety of foods and cuisines can be offered, meeting a wide range of dining demand, this option has become more prominent and is expected to be the fastest growing segment of China's dining industry from 2022 to 2027, although its market size is expected to remain smaller than those of the other three dining options, according to Frost & Sullivan.

## SUMMARY

We specialize in home meal products and establishing an extensive community-based store network. For example, wet markets offer unbranded and unprocessed fresh ingredients for traditional cooking, and supermarkets cater to a wide range of groceries and household needs. We differentiate ourselves from these players by offering our proprietary brand products with a focus on at-home hotpot and barbecue products with convenience.

### OUR BRAND AND PRODUCTS

We operate our business under the Guoquan Shihui brand (“鍋圈食匯”), offering diversified, tasty, convenient and value-for-money (“好吃方便還不貴”) home meal products in a one-stop shop manner for consumers across a wide range of dining scenarios. Our product portfolio comprises eight categories including hotpot products, barbecue products, beverages, solo-dining meals, ready-to-cook meal kits, fresh produce, western cuisines and snacks, totaling 710 SKUs as of April 30, 2023, with approximately 95% of our nationally available SKUs under our proprietary brand carrying the Guoquan Shihui logo.

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

	Year ended December 31,						Four Months ended April 30,			
	2020		2021		2022		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentage)</i>									
	<i>(Unaudited)</i>									
Hotpot products	2,389,863	81.9	3,091,345	79.7	5,352,027	75.8	1,670,137	78.5	1,518,322	74.8
– Meats	691,880	23.7	881,995	22.7	1,507,886	21.4	481,099	22.6	404,169	19.9
– Meatballs and pastes	580,233	20.0	777,410	20.0	1,372,387	19.4	427,908	20.1	389,393	19.2
– Hotpot soup base	302,240	10.4	372,496	9.6	678,573	9.6	204,931	9.6	211,616	10.4
– Other hotpot products <sup>(1)</sup>	815,510	27.8	1,059,444	27.4	1,793,181	25.4	556,199	26.2	513,144	25.3
Barbecue products	170,486	5.8	294,157	7.6	714,223	10.1	218,536	10.3	248,754	12.3
Others <sup>(2)</sup>	357,589	12.3	494,702	12.7	992,524	14.1	238,504	11.2	262,951	12.9
<b>Total</b>	<b>2,917,938</b>	<b>100.0</b>	<b>3,880,204</b>	<b>100.0</b>	<b>7,058,774</b>	<b>100.0</b>	<b>2,127,177</b>	<b>100.0</b>	<b>2,030,027</b>	<b>100.0</b>

*Notes:*

- (1) Other hotpot products mainly include beef tripe, bean curd products, seafood, poultry and starch noodles.
- (2) Others mainly include food products such as beverages, solo-dining meals and ready-to-cook meal kits.

## SUMMARY

### OUR SALES CHANNELS AND STORE NETWORKS

As of April 30, 2023, we established a network of 9,844 stores under our brand in China, comprising 9,838 franchised stores and six self-operated stores.

During the Track Record Period, we derived substantially all of our revenue from the sales of our proprietary brand products primarily comprising hotpot and barbecue products to our franchisees, who operate franchised stores under our brand and sell our products to consumers. We enter into franchise agreements with franchisees granting them the right to operate franchised stores carrying our brand and trademarks. We do not charge or rely on franchise fees. In selecting our franchisees, we take into account their industry experience, financial circumstances, recognition of our value and management philosophy and their passion and long-term commitment towards operating our franchised stores. The other sales channels primarily comprise (i) direct sales of our proprietary brand products to end consumers via our self-operated stores, (ii) sales of processed products by our self-operated plants to enterprise customers, and (iii) sales of processed meat parts to certain food wholesalers.

The table below sets forth our revenue breakdown by nature and channels in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Four Months ended April 30,			
	2020		2021		2022		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>									
	<i>(Unaudited)</i>									
Product sales	2,917,938	98.4	3,880,204	98.0	7,058,774	98.4	2,127,177	98.5	2,030,027	97.7
Sales to										
franchisees	2,910,129	98.2	3,727,859	94.2	6,476,687	90.3	2,011,282	93.1	1,821,511	87.6
Other sales										
channels <sup>(1)</sup>	7,809	0.2	152,345	3.8	582,087	8.1	115,895	5.4	208,516	10.1
Operational										
support										
services <sup>(2)</sup>	46,805	1.6	77,600	2.0	114,683	1.6	32,449	1.5	48,207	2.3
Total	<u>2,964,743</u>	<u>100.0</u>	<u>3,957,804</u>	<u>100.0</u>	<u>7,173,457</u>	<u>100.0</u>	<u>2,159,626</u>	<u>100.0</u>	<u>2,078,234</u>	<u>100.0</u>

*Notes:*

- (1) Other sales channels primarily include (i) sales to enterprise customers, including food wholesalers, supermarkets, restaurants and other enterprises; and (ii) direct sales to end consumers.
- (2) We collect annual operational support service fee from each franchisee at a fixed amount for the support we provide to our franchisees such as training, guidance, branding, marketing and logistical support.

## SUMMARY

During the Track Record Period, our franchised store network grew rapidly. The total number of our franchised stores increased from 1,441 as of January 1, 2020 to 9,838 as of April 30, 2023. Despite the rapid expansion of our franchised store network across China, our strong continued support for our franchisees has resulted in a franchised store closure rate as low as 3.0% for 2022.

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

	Year ended December 31,			Four Months ended
				April 30,
	2020	2021	2022	2023
Number of franchised stores at the beginning of the period	1,441	4,296	6,864	9,216
Number of new franchised stores opened during the period	2,883	2,762	2,631	754
Number of franchised stores closed during the period	28	194	279	132
Net increase in number of franchised stores for the period	2,855	2,568	2,352	622
<b>Number of franchised stores at the end of the period</b>	<b>4,296</b>	<b>6,864</b>	<b>9,216</b>	<b>9,838</b>

In addition, as of April 30, 2023, we had six self-operated stores for the purpose of providing a model for franchised stores as well as acting as trial sites for innovative store operation and management strategies and tools, marketing activities, digital tools and new decoration styles, among others, before introducing them to our franchised stores.

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

## PRODUCTION AND SUPPLIERS

Adopting our one-product-one-factory model, we have strategically acquired food ingredient production capabilities to achieve stronger control over the production and supply of our staple products. As of April 30, 2023, we had three food ingredient production plants, Heyi Plant (和一工廠) for the production of our beef products, Wanlai Wanqu Plant (丸來丸去工廠) for the production of meatballs, Chengming Plant (澄明工廠) for production of our

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## SUMMARY

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hotpot soup base products, and had made investments in one of our suppliers, Daixiaji (逮蝦記) for the production of our shrimp paste products, in order to have better control of the production and supply of our major products.

In addition, to maximize production efficiency and broaden our product portfolio, we also engage reliable suppliers to produce our other products. To ensure the food quality of these products, we procure raw materials from external suppliers and sell such ingredients to certain food product manufacturers that further process and produce shrimp paste, beef and lamb products. We subsequently purchase processed products from these manufacturers which became our suppliers. See “— Overlapping of Customers and Suppliers.”

Our suppliers mainly include suppliers for food products, raw materials and warehousing and logistic services. We believe that our stable relationship with suppliers builds a strong foundation for our robust supply chain and high-quality products. As of April 30, 2023, we collaborated with 266 food ingredients suppliers, including renowned and household brand names such as Anjoy and Sanquan. We expand and upgrade our product portfolio frequently to meet evolving trends and consumer demands through our own R&D center as well as two collaborative R&D centers with our suppliers.

Purchases from our largest supplier in each year during the Track Record Period amounted to RMB206.7 million, RMB286.7 million, RMB445.3 million and RMB103.5 million, accounting for 6.4%, 7.8%, 7.0% and 8.6%, respectively, of our total purchase amount during the respective period. Purchases from our top five largest suppliers for the years ended December 31, 2020, 2021 and 2022 and the four months ended April 30, 2023 accounted for 24.6%, 24.5%, 23.3% and 26.1%, respectively, of our total purchase amount during those periods.

## CUSTOMERS

During the Track Record Period, a significant majority of our customers are our franchisees. Revenue from our top five largest customers for the fiscal years ended December 31, 2020, 2021, and 2022 and the four months ended April 30, 2023 accounted for 2.3%, 1.9%, 4.0% and 4.2%, respectively, of our total revenue during the same periods. We have a large customer base and we do not rely on any single customer. We generally require our franchisees to pay in advance before we deliver the products to them. We provide certain enterprise customers with a credit term up to 180 days subject to the creditworthiness of the relevant customers.

## OUR STRENGTHS

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

- China’s leading and rapidly growing home meal products brand, catering to the people’s dining needs at home;
- Home meal products with value-for-money and variety, improving the efficiency of at-home meal preparation;

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## SUMMARY

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- Largest home meal products retail store network in China fostering a lively community that brings convenience to people’s lives;
- Streamlined supply chain management and operation enabling cost optimization and ensuring product quality and safety;
- Digitalized management systems to achieve high operational efficiency; and
- Visionary management team with rich industry experience and knowledge leading the successful development of our business and corporate culture.

### OUR STRATEGIES

With a vision to be the go-to brand for dining at home in China, we uphold the mission to source quality food ingredients globally and offer diverse, convenient, high-quality and value-for-money home meal products in a one-stop shop manner to meet consumers’ diverse needs under different dining scenarios, from urban centers to the most remote areas of China.

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

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

### COMPETITION

We operate in a competitive and fragmented market. According to the Frost & Sullivan Report, the aggregate market share of the top five players of China’s home meal products market accounted for approximately 11.1% of the market share by retail sales value in 2022. We compete with a broad range of competitors in the industry, including domestic and international retailers of home meal products. See “Industry Overview — Competitive Landscape of China’s Home Meal Products Market.” We compete with these industry players for high-quality suppliers, consumers, store locations and corporate operation talents.



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## SUMMARY

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We believe that our competitive advantages include the successful implementation of our store network expansion strategy, and our ability to continuously source high-quality food ingredients and raw materials, to expand product portfolio, and to enhance our operational efficiency. According to the Frost & Sullivan Report, we were the largest home meal products retailer in China in terms of retail sales value in 2022, accounting for 3.0% of total market share in China.

### OUR CONTROLLING SHAREHOLDERS

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

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

### PRE-[REDACTED] INVESTORS

We received multiple series of equity financing from our Pre-[REDACTED] Investors to support our expanding business operations from 2019 to 2022. Our Pre-[REDACTED] Investors include experienced investors who can share their experience on brand building and market expansion as well as their insight on business strategies and operations, their professional advice on our Group’s corporate governance and internal control. The Pre-[REDACTED] Investments included (i) Series Pre-A Financing from which we received approximately RMB70.0 million; (ii) Series A Financing from which we received approximately RMB253.0 million; (iii) Series B Financing from which we received approximately RMB388.2 million; (iv) Series C-1 Financing from which we received approximately RMB1,857.0 million and (v) Series C-2 Financing from which we received approximately RMB261.8 million, which was settled by the Series C-2 Financing Investors transferring 74.80% equity interest of Luyi Chengming, with reference to its appraised value, to our Company. As of the Latest Practicable Date, our Pre-[REDACTED] Investors consisted of Buyue Ertong, Buqi Zhiqi, Chengdu Quanyi, Famous Wealthy Limited, Generation One, Suzhou Yizhong, Generation Pi HK, Buhuovc Platinum, Lighthouse, Chongqing Langyao, Mr. Wang Hongbo, Titanium, Tiantu Fund, Oakwise, Shenzhen Tongfu, Shenzhen Xintonglu, Moutai Fund, Top New Development Limited, Chunyu Feifei, Renzhe Buyo and Zhuhai

## SUMMARY

Gongying, which held approximately 4.23%, 0.96%, 6.60%, 8.55%, 5.20%, 1.80%, 3.84%, 2.05%, 0.79%, 7.22%, 0.47%, 2.21%, 1.65%, 0.71%, 1.10%, 1.10%, 0.43%, 0.98%, 1.28%, 0.15%, 0.06% and 0.01%, respectively, of the total issued share capital of our Company. For further information, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

### CONTINUING CONNECTED TRANSACTIONS

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

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

	Year ended December 31,			Four Months ended April 30,	
	2020	2021	2022	2022	2023
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
<b>Revenue</b>	<b>2,964,743</b>	<b>3,957,804</b>	<b>7,173,457</b>	<b>2,159,626</b>	<b>2,078,234</b>
Cost of sales	(2,635,484)	(3,602,520)	(5,924,496)	(1,862,168)	(1,638,968)
<b>Gross profit</b>	<b>329,259</b>	<b>355,284</b>	<b>1,248,961</b>	<b>297,458</b>	<b>439,266</b>
Selling and distribution expenses	(220,134)	(629,440)	(624,577)	(219,421)	(184,708)
Administrative expenses	(161,441)	(355,676)	(403,686)	(124,744)	(142,782)
<b>Profit/(Loss) before tax</b>	<b>(43,183)</b>	<b>(596,468)</b>	<b>332,042</b>	<b>(34,896)</b>	<b>163,540</b>
Income tax (expense)/credit	(109)	135,607	(91,060)	9,875	(43,946)
<b>Profit/(Loss) for the period</b>	<b>(43,292)</b>	<b>(460,861)</b>	<b>240,982</b>	<b>(25,021)</b>	<b>119,594</b>
<b>Profit/(Loss) attribute to</b>					
Owners of the parent	(43,292)	(461,990)	229,907	(30,956)	110,397
Non-controlling interests	—	1,129	11,075	5,935	9,197

## SUMMARY

### NON-IFRS MEASURES

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

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

We define adjusted net profit/(loss) (non-IFRS measure) as net profit/(loss) for the period adjusted by adding back share-based payment expenses and [REDACTED] expenses.

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

	Year ended December 31,			Four Months ended April 30,	
	2020	2021	2022	2022	2023
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>	
<b>Reconciliation of net profit/(loss) to adjusted net profit/(loss)</b>					
Profit/(loss) for the period	(43,292)	(460,861)	240,982	(25,021)	119,594
Adjusted:					
Share-based payment expenses <sup>(1)</sup>	16,415	10,262	4,604	1,535	—
[REDACTED] expenses <sup>(2)</sup>	—	—	11,199	—	[REDACTED]
<b>Adjusted net profit/(loss) (non-IFRS measure)</b>	<b>(26,877)</b>	<b>(450,599)</b>	<b>256,785</b>	<b>(22,065)</b>	<b>[REDACTED]</b>

*Notes:*

- (1) Share-based payment expenses represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.
- (2) [REDACTED] expenses mainly relate to the [REDACTED].

## SUMMARY

We achieved continuous revenue growth during the Track Record Period, primarily attributable to (i) our expansion of franchised store network, with the number of franchised stores increasing from 1,441 as of December 31, 2019 to 4,296 as of December 31, 2020, and further from 6,864 as of December 31, 2021 to 9,216 as of December 31, 2022 and further to 9,838 as of April 30, 2023, and (ii) our continuous efforts to launch new products and upgrade existing ones to satisfy the diverse needs of a wider group of consumers.

The following table sets forth our gross profit both in amounts and as percentages of revenue, or gross profit margin, by nature for the periods indicated:

	Year ended December 31,						Four Months ended April 30,			
	2020		2021		2022		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>									
	<i>(Unaudited)</i>									
<b>Sales of home meal products and related products</b>	<b>282,454</b>	<b>9.7</b>	<b>277,684</b>	<b>7.2</b>	<b>1,134,278</b>	<b>16.1</b>	<b>265,009</b>	<b>12.5</b>	<b>391,059</b>	<b>19.3</b>
Hotpot products	229,350	9.6	226,053	7.3	991,349	18.5	218,032	13.1	333,840	22.0
Barbecue products	16,455	9.7	19,610	6.7	100,488	14.1	26,042	11.9	42,438	17.1
Others <sup>(1)</sup>	36,649	10.2	32,021	6.5	42,441	4.3	20,935	8.8	14,781	5.6
<b>Operational support services<sup>(2)</sup></b>	<b>46,805</b>	<b>100.0</b>	<b>77,600</b>	<b>100.0</b>	<b>114,683</b>	<b>100.0</b>	<b>32,449</b>	<b>100.0</b>	<b>48,207</b>	<b>100.0</b>
<b>Total/Overall</b>	<b>329,259</b>	<b>11.1</b>	<b>355,284</b>	<b>9.0</b>	<b>1,248,961</b>	<b>17.4</b>	<b>297,458</b>	<b>13.8</b>	<b>439,266</b>	<b>21.1</b>

*Notes:*

- (1) Others mainly include food products such as beverages, solo-dining meals, ready-to-cook meal kits, among others.
- (2) As there is no cost recorded in connection with the provision of operational support services, the gross profit margin of this component was 100.0%.

Our gross profit increased during the Track Record Period, and our gross profit margin generally showed an upward trend, being 11.1%, 9.0%, 17.4% and 21.1% in 2020, 2021 and 2022 and the four months ended April 30, 2023, respectively. Our gross profit and gross profit margin are mainly affected by (i) our ability to control the cost of sales and maintain a stable level of procurement price; the number of suppliers that provided purchase rebates to us increased significantly during the Track Record Period; (ii) our continuous efforts to launch new products and upgrade the existing one with relatively higher margin; for example, we

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## SUMMARY

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improved our beef, meatball and tripe products with various flavors to meet more diverse customer demands, and a substantial portion of these new products were with higher gross profit margin in these categories; for instance, we launched the black beef tripe product in the hotpot category in July 2022, which became one of our popular products among end-consumers; (iii) the promotional events with franchisees to support the franchised store network expansion and build our brand awareness; and (iv) consolidating additional profits generated by production facilities we acquired.

In particular, our gross profit margin decreased slightly from 11.1% in 2020 to 9.0% in 2021, mainly attributable to the increased spending on enhanced promotional efforts to improve our brand influence, so as to support our rapid store network expansion. We conducted promotional activities for franchisees on the "517" shopping day, during which we sold certain selected products at more favorable prices to franchisees. In 2021, we also offered discounts to the sales of our products to eligible franchisees who opened new stores for their first purchase orders. Subsequently, our gross profit margin improved from 9.0% in 2021 to 17.4% in 2022, mainly attributable to (i) products of higher margin, such as black beef tripe and thinly sliced lamb for hotpot and pork belly and skewers for barbecue; (ii) improved procurement cost-effectiveness of raw materials and food products due to economies of scale and brand awareness (for instance, the procured volume of beef products increased from approximately 9,800 tons in 2021 and further to 17,000 tons in 2022); and (iii) improved manufacturing costs due to the acquisition of our self-operated production facilities.

Our overall revenue decreased slightly from RMB2,159.6 million to RMB2,078.2 million, primarily because the sales of hotpot products were higher in the first four months of 2022, which was partially attributable to that people dined out more frequently after the pandemic subsided. Such slight decrease in revenue was offset by the improved gross profit margin. Our gross profit margin improved from 13.8% in the four months ended April 30, 2022 to 21.1% in the four months ended April 30, 2023, primarily due to (i) the decrease in cost of sales; and (ii) the launch of new or upgraded hotpot and barbecue products with relatively higher margins; for instance, we launched the black beef tripe product in the hotpot category in July 2022, which became one of our popular products among end-consumers.

As our brand awareness is enhanced and our procurement volumes increased from the expanding store network, our bargaining power with suppliers was strengthened and we obtained more favorable terms. To further cement our control over supply chain and manage the costs of inventories sold, we acquired three production plants, namely Heyi Plant, Wanlai Wanqu Plant and Chengming Plant, to process beef, and produce meatballs and hotpot soup base. As a result of self-producing a portion of our main products, we enjoyed lower unit costs as compared to procuring from third-party suppliers.

We recorded net loss in 2020 and 2021, mainly attributable to (i) the selling and distribution expenses resulting from the increase in the number of operation and store management staff and our enhanced marketing activities, and (ii) the increase in administrative expenses primarily driven by the increased employee benefits from the expansion of our administrative team. We recorded a net profit in 2022 and the four months ended April 30, 2023, as we had a significant increase in revenue from the fast expansion of our store network, and a substantial improvement in our operational efficiencies resulting from (i) cost control capabilities benefiting from our growing procurement volumes and enhanced economies of

## SUMMARY

scale, (ii) our increasingly recognized brand, which enabled us to optimize selling and distribution expenses, and (iii) our digitalization efforts resulting in better human resource efficiency. Specifically, as our store network expanded from 6,868 as of December 31, 2021 to 9,221 as of December 31, 2022, we benefited from the economies of scale from our store network expansion which further enhanced our brand awareness and led to larger procurement volumes which resulted in strong bargaining power with suppliers, thereby achieving better procurement cost control. We upgraded existing products and releasing new products with relatively higher margin, and provided fewer promotional events to our franchisees in 2022 than in 2021 as we had established a mature sales network and strengthened our brand awareness. Furthermore, we began sourcing some of our main products such as beef tripe and beef balls from our self-operated production facilities at lower prices compared to procuring from third-party suppliers. In addition, our selling and distribution expenses as a percentage of revenue decreased from 15.9% in 2021 to 8.7% in 2022, primarily due to (a) the decrease of our advertising and promotion expenses as a result of reduced advertisements and promotional events in 2022 as our sales network matured and brand awareness strengthened and (b) the decrease in employee benefit expenses as a percentage of revenue partly attributed to our digitalization efforts including video supervision of stores and digitalized store opening process resulting in the average number of stores managed by each staff of our store operations team increasing from 3.2 as of December 31, 2020 to 10.7 as of December 31, 2022. Our administrative expenses as a percentage of revenue also decreased from 9.0% in 2021 to 5.6% in 2022 partly attributing to decreased employee benefit expenses as a percentage of revenue due to enhanced digitalized management and operational efficiency. Lastly, the additional profits generated by our acquired production facilities contributed to our overall net profits.

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

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

	As of December 31,			As of
	2020	2021	2022	April 30, 2023
	<i>(RMB in thousands)</i>			
Total current assets	1,068,594	1,957,192	2,409,028	2,071,796
Total current liabilities	488,016	583,358	1,303,017	804,138
Total non-current assets	106,673	762,556	1,671,642	1,636,805
Total non-current liabilities	16,872	21,664	88,102	99,462
Net current assets	580,578	1,373,834	1,106,011	1,267,658
Non-controlling interests	—	25,504	95,103	104,487
Net assets	670,379	2,114,726	2,689,551	2,805,001

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## SUMMARY

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Our net current assets increased from RMB1,106.0 million as of December 31, 2022 to RMB1,267.7 million as of April 30, 2023, primarily due to (i) a decrease of RMB381.8 million in trade payables arising from our settlement of the trade payables that were related to the procurement of raw materials and food products that typically prepared for our peak season from October to February next year; (ii) a decrease of RMB113.4 million in other payables and accruals attributable to the payment of year-end bonuses to our employees and the settlement of accrued expenses, other tax payables and other payables for property plant and equipment; and (iii) an increase of RMB160.2 million in financial assets at fair value through profit or loss; partially offset by a decrease of RMB496.8 million in inventories.

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

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

Our net assets increased significantly from RMB670.4 million as of December 31, 2020 to RMB2,114.7 million as of December 31, 2021, primarily attributable to a capital injection from investors of RMB1,869.1 million and partially offset by a loss for the year of RMB460.9 million in 2021. Our net assets further increased from RMB2,114.7 million as of December 31, 2021 to RMB2,689.6 million as of December 31, 2022, primarily attributable to a profit for the year of RMB241.0 million and the acquisition of a subsidiary of RMB300.7 million in 2022. Our net assets increased slightly from RMB2,689.6 million as of December 31, 2022 to RMB2,805.0 million as of April 30, 2023, primarily attributable to a profit for the period of RMB119.6 million for the four months ended April 30, 2023.

## SUMMARY

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

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

	Year ended December 31,			Four Months ended April 30,	
	2020	2021	2022	2022	2023
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
Net cash flows (used in)/generated from operating activities	(541,502)	(598,027)	285,283	45,350	104,239
Net cash flows used in investing activities	(32,040)	(864,443)	(40,399)	(329,426)	(256,970)
Net cash flows from financing activities	576,839	1,777,147	32,529	(8,440)	925
<b>Cash and cash equivalents at the end of the year/period</b>	<b>100,821</b>	<b>417,573</b>	<b>694,954</b>	<b>125,057</b>	<b>543,148</b>

Net cash used in operating activities amounted to RMB541.5 million in 2020, primarily attributable to an increase in inventories as we increased purchase of finished goods in late 2020 in anticipation of supply chain disruptions induced by the COVID-19 pandemic. Net cash used in operating activities amounted to RMB598.0 million in 2021, primarily because we recorded loss before tax of RMB596.5 million in 2021, as we expanded our workforce and invested in the promotional events with franchisees to support our store network expansion and build our brand awareness. We had net cash generated from operating activities of RMB285.3 million in 2022, primarily because we have turned from a loss before tax of RMB596.5 million in 2021 to a profit before tax of RMB332.0 million in 2022. In the four months ended April 30, 2023, our net cash generated from operating activities amounted to RMB104.2 million, primarily due to the net profit of RMB119.6 million for the four months ended April 30, 2023, which was mainly attributable to (i) the improved profitability in our sales of home meal products and related products and (ii) our expanded store network from 9,221 as of December 31, 2022 to 9,844 as of April 30, 2023.



## SUMMARY

### KEY FINANCIAL RATIOS

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

	As of/Year ended December 31,			As of/Four Months ended April 30,
	2020	2021	2022	2023
	Revenue growth	N/A	33.5%	81.2%
Gross profit margin <sup>(1)</sup>	11.1%	9.0%	17.4%	21.1%
Net profit/(loss) margin <sup>(2)</sup>	(1.5%)	(11.6%)	3.4%	5.8%
Adjusted net profit/(loss) margin (non-IFRS measure) <sup>(3)</sup>	(0.9%)	(11.4%)	3.6%	6.3%
Current ratio <sup>(4)</sup>	2.2	3.4	1.8	2.6
Quick ratio <sup>(5)</sup>	0.9	2.3	1.0	1.9
Gearing ratio <sup>(6)</sup>	15.1%	1.9%	4.9%	5.1%
Inventory turnover days <sup>(7)</sup>	56.3	63.2	50.8	58.5

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

(2) Calculated using net profit for the period divided by total revenue for the period.

(3) Calculated as adjusted net profit/(loss) (non-IFRS measure) for the period divided by total revenue for the period.

(4) Calculated using current assets divided by current liabilities at the end of period.

(5) Calculated using current assets minus inventory, divided by current liabilities at the end of period.

(6) Calculated using the total of interest-bearing borrowings and lease liabilities divided by the total of interest-bearing borrowings, lease liabilities and equity attributable to owners of the parent and multiplied by 100%.

(7) Calculated using the average of opening balance and closing balance of the inventories for such period divided by cost of sales for the relevant period and multiplied by the number of days during such period.

See “Financial Information — Key Financial Ratios” for details.

[REDACTED]

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## SUMMARY

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[REDACTED]

### [REDACTED] STATISTICS

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

	<b>Based on an [REDACTED] of HK\$[REDACTED]</b>	<b>Based on an [REDACTED] of HK\$[REDACTED]</b>
[REDACTED] of our Shares <sup>(1)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] of our H Shares <sup>(2)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share <sup>(3)(4)</sup>	HK\$[REDACTED]	HK\$[REDACTED]

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*Notes:*

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised.
- (2) The calculation of [REDACTED] of our H Shares is based on [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares.
- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets per share is arrived at after the adjustment referred to in “Appendix II — Unaudited [REDACTED] Financial Information” and on the basis that [REDACTED] Shares are in issue assuming the [REDACTED] had been completed on April 30, 2023, without taking into account of any shares which may be allotted and issued upon the exercise of the [REDACTED].
- (4) No other adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to April 30, 2023.

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## SUMMARY

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### [REDACTED] EXPENSES

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

### FUTURE PLANS AND USE OF [REDACTED]

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

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], to improve our supply chain capabilities by enhancing our production capacity and efficiency;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], opening and operating our self-operated stores;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], to build product R&D centers as well as upgrade and purchase related equipment; and
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], as working capital and for general corporate uses.

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

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## SUMMARY

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### DIVIDEND POLICY

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

### RISK FACTORS

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

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## SUMMARY

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scale of goodwill and intangible assets during the Track Record Period. If we determine our goodwill and/or intangible assets to be impaired, it would adversely affect our financial condition and results of operations and (x) The “stay at home” COVID-19 restrictive measures during the Track Record Period may have contributed to our historic revenue growth. Such growth may not be an indication of future prospects.

### NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

However, we had certain non-compliance incidents, which did not have any material operational or financial impact on us. Three buildings of the production facilities of Luyi Heyi were put into operation without certain filings as required by applicable PRC laws and regulations. During the Track Record Period, we had not made full social insurance and housing provident fund contributions for some employees, and certain of our PRC subsidiaries engaged third-party human resource agencies to make these contributions for certain employees in locations where they work. In addition, two PRC subsidiaries of our Company used personal bank accounts opened under the names of certain employees, mainly to receive payments from franchisees and make payments to suppliers during the Track Record Period for convenience. We had ceased this arrangement since May 1, 2020. See “Business — Non-compliance.”

### IMPACT OF COVID-19

Since the end of December 2019, the outbreak of a disease caused by a novel strain of coronavirus, or COVID-19, had materially and adversely affected the global economy.

We took a series of measures in response to the outbreak of COVID-19, including different variants of the virus such as Delta and Omicron, and the relevant restrictions:

- *Production and supply chain.* We obtained permits for continuous production, enforcing prevention and control measures in our production facilities and third-party warehouses, and maintained a high inventory level of finished goods in such third-party warehouses, to prevent disturbance in goods supplies in the case of lock down in certain areas.
- *Sales.* We obtained approval from local authorities to keep some of our stores open during the lockdown to guarantee key supplies for local residents. Meanwhile, we provided home delivery services through our online sales channels and partnered with third-party food delivery platforms to enable our franchisees to sell and deliver products to end consumers.

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## SUMMARY

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Leveraging our effective response measures and highly efficient supply chain, we had successfully minimized the slowdown in production, logistics and sales arrangements, which contributed to our growth in revenue during the Track Record Period. As a result, our production, supply chain and daily operations had not been materially and adversely affected during the Track Record Period. However, the COVID-19 pandemic had a mixed impact of positive and negative effects on our general business operation and financial performance during the Track Record Period in the following manner:

- **Negative impacts**
  - ***Store closure.*** There were a number of stores that closed for extended periods of time during the pandemic and did not record any sales during those periods. For example, 377, 231 and 882 stores did not record any transaction for more than two consecutive weeks in 2020, 2021 and 2022, respectively. In particular, a total of 234 stores in Henan and 86 stores in Shanghai experienced closures for an average of approximately one month in 2022;
  - ***COVID-19 related expenses.*** We incurred approximately RMB1.1 million in 2020 to purchase sanitization, protective, testing and other supplies to enforce the measures and control in our premises, such as sanitizing regularly and requiring employees to wear masks and undergo testing;
  - ***Heightened inventory level.*** To ensure stable supply of raw materials and products, we stocked up higher level of inventory in warehouses, which used up more working capital.
  
- **Positive impacts**
  - ***Increased number of orders from online channels.*** During the COVID-19 pandemic, people began to eat at home more frequently due to restaurant closures, risk of infection and lockdown measures, resulting in a surge in the home dining market from 2020 to 2022. This trend has partially contributed to our revenue growth, as our expanded store network enabled us to capture such demand given its close proximity to residential neighborhoods. Based on its operational records, we observed an increase in our average daily orders from online channels from 6,193 in 2020 to 68,831 in 2022;
  - ***Faster store sales growth.*** Stores that were less affected by the restrictive measures due to the pandemic experienced higher sales. For example, the average revenue contribution by franchised stores opened in 2020 increased by approximately 35.2% from RMB475 thousand in 2020 (the year of opening) to RMB642 thousand in 2021 (the first full year of operation following the year of opening). The average revenue contribution by franchised stores opened in 2021 increased by approximately 134.3% from RMB256 thousand in 2021 (the

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## SUMMARY

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year of opening) to RMB600 thousand in 2022 (the first full year of operation following the year of opening). Such increased store sales growth may in part be due to the trend that people began to eat at home more frequently during the pandemic.

As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial performance.

### RECENT DEVELOPMENT

Since April 30, 2023 and up to the Latest Practicable Date, we continued to expand our store network. The total number of stores in our network increased from 9,844 as of April 30, 2023 to 9,978 as of the Latest Practicable Date, including 703 stores in municipalities, 2,117 stores in provincial capitals, 2,820 stores in prefectural-level cities, 2,667 stores in county-level cities and 1,671 stores in townships. The expansion of our store network and the launch of new products is expected to further enhance our brand awareness which would empower the performance of franchised stores and in turn our financial performance. Our expanding store network and enhanced brand awareness will further generate economies of scale, leading to decreased cost of sales and better financial performance, which is expected to support our continued growth. After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since April 30, 2023, being the end date of the periods reported in the Accountants’ Report set out in Appendix I, and there is no event since April 30, 2023 that would materially affect the information shown in the Accountants’ Report set out in Appendix I.

### Proposed Investment in [REDACTED]

We are currently considering a subscription of certain shares in [REDACTED], an Independent Third Party, as a [REDACTED], with total consideration not exceeding [REDACTED]. The proposed investment will not result in any material change to our financial position since the end of our Track Record Period. See “Waivers from Strict Compliance with the Listing Rules — Post Track Record Period Acquisition” for details.