

## SHARE CAPITAL

### AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of our authorised share capital and the amount in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the Global Offering, assuming that (i) each Class B ordinary share held by Nholresi Investment Limited is converted into one Class B Share; (ii) each Class A ordinary share and Series D-2 Preferred Share held by Nholresi Investment Limited, and each Class A ordinary share and Preferred Share held by other shareholders is converted into one Class A Share; (iii) the Global Offering becomes unconditional and the Offer Shares are issued pursuant to the Global Offering; (iv) the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no Shares are issued under the Equity Incentive Schemes; (v) no Shares are issued or cancelled and no potential changes to the share capital materialise as described in the section headed “— Potential Changes to Share Capital” below; and (vi) no Class B Shares are converted into Class A Share.

#### Share capital as at the date of this document

##### *Authorised share capital*

Number	Description of share	Aggregate nominal value
1,884,499,230 . . . . .	ordinary share with a par value of US\$0.00002 each	US\$37,689.98
615,500,770 . . . . .	Preferred Share with a par value of US\$0.00002 each	US\$12,310.02
<b>2,500,000,000 . . . . .</b>	<b>Shares in total</b>	<b>US\$50,000.00</b>

##### *Issued, fully paid, or credited to be fully paid*

Number	Description of share	Aggregate nominal value
156,222,792 <sup>(1)</sup> . . . . .	ordinary share with a par value of US\$0.00002 each	US\$ 3,124.46 <sup>(1)</sup>
615,500,770 . . . . .	Preferred Share with a par value of US\$0.00002 each	US\$12,310.02
<b>771,723,562 . . . . .</b>	<b>Shares in total</b>	<b>US\$15,434.47</b>

Note:

(1) Assuming that 12,072,072 Class A ordinary shares have been issued to Mr. Chen Min pursuant to the 2019 Share Incentive Plan. For details of such issuance, see section headed “Relationship with our Controlling Shareholders”.

#### Share capital immediately following completion of the Global Offering

##### *Authorised share capital*

Number	Description of share	Aggregate nominal value
2,431,050,420 . . . . .	Class A Share	US\$48,621.01
68,949,580 . . . . .	Class B Share	US\$ 1,378.99
<b>2,500,000,000 . . . . .</b>	<b>Shares in total</b>	<b>US\$50,000.00</b>

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## SHARE CAPITAL

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*Issued, fully paid, or credited to be fully paid*

**A. Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised**

Number	Description of share	Aggregate nominal value
702,773,982 . . . . .	Class A Share in issue	US\$14,055.48
68,949,580 . . . . .	Class B Share in issue	US\$ 1,378.99
40,617,100 . . . . .	Class A Share to be issued pursuant to the Global Offering	US\$ 812.34
<b>812,340,662 . . . . .</b>	<b>Shares in total</b>	<b>US\$16,246.81</b>

**B. Assuming the Offer Size Adjustment Option is exercised in full but the Over-allotment Option is not exercised**

Number	Description of share	Aggregate nominal value
703,450,926 . . . . .	Class A Share in issue	US\$14,069.02
68,949,580 . . . . .	Class B Share in issue	US\$ 1,378.99
46,709,600 . . . . .	Class A Share to be issued pursuant to the Global Offering	US\$ 934.19
<b>819,110,106 . . . . .</b>	<b>Shares in total</b>	<b>US\$16,382.20</b>

**C. Assuming the Over-allotment Option is exercised in full but the Offer Size Adjustment Option is not exercised**

Number	Description of share	Aggregate nominal value
702,773,982 . . . . .	Class A Share in issue	US\$14,055.48
68,949,580 . . . . .	Class B Share in issue	US\$ 1,378.99
46,709,600 . . . . .	Class A Share to be issued pursuant to the Global Offering	US\$ 934.19
<b>818,433,162 . . . . .</b>	<b>Shares in total</b>	<b>US\$16,368.66</b>

**D. Assuming both the Offer Size Adjustment Option and the Over-allotment Option are exercised in full**

Number	Description of share	Aggregate nominal value
703,450,926 . . . . .	Class A Share in issue	US\$14,069.02
68,949,580 . . . . .	Class B Share in issue	US\$ 1,378.99
53,716,000 . . . . .	Class A Share to be issued pursuant to the Global Offering	US\$ 1,074.32
<b>826,116,506 . . . . .</b>	<b>Shares in total</b>	<b>US\$16,522.33</b>

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## SHARE CAPITAL

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### Ranking

The Offer Shares are Class A Shares and rank equally with all Class A Shares currently in issue and to be issued as mentioned in this document and, in particular, will rank equally for all dividends and other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

### WEIGHTED VOTING RIGHTS STRUCTURE

#### WVR structure

Our Company is proposing to adopt a weighted voting rights structure effective immediately prior to completion of the Global Offering. Under this structure, our Company's share capital will comprise Class A Shares and Class B Shares. Each Class B Share will entitle the holder to exercise ten votes, and each Class A Share will entitle the holder to exercise one vote, on any resolution tabled at our Company's general meetings, except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote.

The Reserved Matters are:

- (a) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares;
- (b) the appointment, election or removal of any independent non-executive Director;
- (c) the appointment or removal of our Company's auditors; and
- (d) the voluntary liquidation or winding-up of our Company.

In addition, Shareholders, including holders of Class A Shares, holding not less than one-tenth of the paid up capital of our Company that carries the right of voting at general meetings (i.e. on a one vote per share basis) are entitled to convene an extraordinary general meeting of our Company and add resolutions to the meeting agenda.

For further details, see the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law — 2 Articles of Association" in Appendix III.

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## SHARE CAPITAL

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The table below sets out the ownership and voting rights controlled by Mr. Chen Min upon completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised:

	Number of shares	Approximate % of issued share capital <sup>(1)</sup>	Approximate % of voting rights <sup>(1)(2)</sup>
Class A Shares <sup>(3)</sup> .....	12,284,487	1.51%	0.86%
Class B Shares .....	68,949,580	8.49%	48.12%

*Notes:*

- (1) Assuming that the Class B ordinary shares held by Nholresi Investment Limited will be reclassified and redesignated as Class B Shares and Class A ordinary shares and Preferred Shares held by it will be reclassified and redesignated as Class A Shares upon the Global Offering becoming unconditional and assuming that the Over-allotment Option is not exercised and no Shares are issued under the Equity Incentive Schemes.
- (2) Class B Shares entitle the Shareholder to exercise ten votes per share and Class A Shares entitle the Shareholder to exercise one vote per share, except for resolutions with respect to the Reserved Matters for which each Share entitles each Shareholder to exercise one vote per share.
- (3) Class A Shares are held by Nholresi Investment Limited, which is wholly owned by Ilnewgnay Investment Limited. The entire interest in Ilnewgnay Investment Limited is held by a family trust that was established by Mr. Chen Min (as the settlor) with him as the sole beneficiary. Assuming the Offer Size Adjustment Option is not exercised, 12,072,072 of the Class A Shares (if the Offer Size Adjustment Option is exercised in full, such number of Class A Shares will be adjusted to 12,749,016) will be issued to Mr. Chen Min as restricted shares pursuant to the 2019 Share Incentive Plan before Listing and will be released from the transfer restrictions if the consolidated gross profit of our Company for any period of twelve months reaches RMB13,000,000,000 (the “**Financial Condition**”). Before the Financial Condition is met, Mr. Chen Min (a) will be entitled to exercise the voting rights and to receive dividends with respect to such Class A Shares, but (b) shall not transfer, sell, pledge or in any way dispose of the interest in such Class A Shares. After such Class A Shares are issued but before the Financial Condition is met, our Company shall not repurchase such Class A Shares from Mr. Chen Min unless (i) Mr. Chen Min no longer holds the position of chief executive officer or Director, (ii) Mr. Chen Min no longer is employed by our Company, (iii) Mr. Chen Min commits gross misconduct as specified under the employees manual of our Company, or (iv) upon the occurrence of any of the events as set out under Rule 8A.17 of the Listing Rules. Our Company shall repurchase such Class A Shares at their nominal value of US\$0.00002 per Share upon the occurrence of the foregoing events. Our Company confirms that the aforementioned arrangement is in compliance with Rule 8A.12 of the Listing Rules.

Class B Shares may be converted into Class A Shares on a one to one ratio. Upon the conversion of all the issued and outstanding Class B Shares into Class A Shares, our Company will issue 68,949,580 Class A Shares, representing approximately 8.49% of the total number of issued and outstanding Class A Shares upon such conversion (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no Shares are issued under the Equity Incentive Schemes).

The weighted voting rights attached to our Class B Shares will cease when the WVR Beneficiary no longer has beneficial ownership of any of our Class B Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rule, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of our

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## SHARE CAPITAL

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Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

- (ii) when the holder of Class B Shares has transferred to another person the beneficial ownership of, or economic interest in, all of the Class B Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rule;
- (iii) where a vehicle holding Class B Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rule; or
- (iv) when all of the Class B Shares have been converted to Class A Shares.

Save for the weighted voting rights attached to Class B Shares, the rights attached to all classes of Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A Shares and Class B Shares, see the section headed “Summary of the Constitution of Our Company and Cayman Islands Company Law — 2 Articles of Association” in Appendix III for further details.

### **WVR Beneficiary**

Immediately upon the completion of Global Offering, the WVR Beneficiary will be Mr. Chen Min. Mr. Chen Min will beneficially own 12,284,487 Class A Shares and 68,949,580 Class B Shares, representing approximately 48.98% of the voting rights in our Company (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no Shares are issued under the Equity Incentive Schemes) with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Chen Min will hold these Class A Shares and Class B Shares through Nholresi Investment Limited, which is wholly-owned by Ilnewgnay Investment Limited, where the entire interest in Ilnewgnay Investment Limited is held by a trust that was established by Mr. Chen Min (as the settlor) with him as the sole beneficiary.

Our Company is adopting the WVR structure to enable the WVR Beneficiary to exercise voting control over our Company. This will enable our Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control our Company with a view to its long-term prospects and strategy.

Prospective investors are advised to be aware of the potential risks of investing in companies with WVR structure, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders’ resolutions, irrespective of how other Shareholders vote. Prospective investors should make the decision to invest in our Company only after due and careful consideration. For further

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## SHARE CAPITAL

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information about the risks associated with the WVR structure adopted by our Company, please refer to the section headed “Risk Factors – Risks Related to the WVR Structure – Holders of our Class B Shares may exert substantial influence over us and may not act in the best interests of our independent Shareholders” of this document.

Save for the weighted voting rights attached to Class B Shares, the rights attached to Class A Shares and Class B Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A Shares and Class B Shares, please see the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 2 Articles of Association” in Appendix III to this prospectus.

### **Undertakings by the WVR Beneficiary**

Pursuant to Rule 8A.43 of the Listing Rules, the WVR Beneficiary is required to give a legally enforceable undertaking to our Company that he will comply with the relevant requirements as set out in Rule 8A.43, which is intended to be for the benefit of and enforceable by the Shareholders. On 28 September 2022, Mr. Chen Min made an undertaking to our Company (the “**Undertaking**”), that for so long as he is a WVR Beneficiary:

- (1) he shall comply with (and, if the shares to which the weighted voting rights that he is beneficially interested in are attached are held through a limited partnership, trust, private company or other vehicle, use his best endeavours to procure that that limited partnership, trust, private company or other vehicle complies with) all applicable requirements under Rules 8A.09, 8A.14, 8A.15, 8A.17, 8A.18, and 8A.24 of the Listing Rules from time to time in force (the “**Requirements**”); and
- (2) he shall use his best endeavours to procure that our Company complies with all applicable Requirements.

For the avoidance of doubt, the Requirements are subject to Rule 2.04 of the Listing Rules. The WVR Beneficiary acknowledged and agreed that the Shareholders rely on the Undertaking in acquiring and holding their Shares. The WVR Beneficiary acknowledged and agreed that the Undertaking is intended to confer a benefit on our Company and all Shareholders and may be enforced by our Company and/or any Shareholder against the WVR Beneficiary.

The Undertaking shall automatically terminate upon the earlier of (i) the date of delisting of our Company from the Stock Exchange; and (ii) the date on which the relevant WVR Beneficiary ceases to be a beneficiary of weighted voting rights in our Company. For the avoidance of doubt, the termination of the Undertaking shall not affect any rights, remedies, obligations or liabilities of our Company and/or any Shareholder and/or the relevant WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Undertaking which existed at or before the date of termination.

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## SHARE CAPITAL

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The Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

### POTENTIAL CHANGES TO SHARE CAPITAL

#### **Circumstances under which general meeting and class meeting are required**

Our Company may by ordinary resolution (i) increase its share capital by the creation of new shares; (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (iii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person; and (iv) sub-divide its shares or any of them into shares of smaller amount. In addition, our Company may by special resolution reduce its share capital or any capital redemption reserve subject to any conditions prescribed by the Cayman Companies Act.

See the section headed “Summary of the Constitution of Our Company and Cayman Islands Company Law — 2 Articles of Association — 2.5 Alteration of capital” in Appendix III for further details.

If at any time the share capital of our 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 for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Act, be varied or abrogated only with (in addition to a special resolution to amend the Memorandum or the Articles) the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by members holding shares representing three-fourths in nominal value of the shares Present (as defined in the Articles) and voting at such meeting.

See the section headed “Summary of the Constitution of Our Company and Cayman Islands Company Law — 2 Articles of Association — 2.4 Variation of rights of existing shares or classes of shares” in Appendix III for further details.

#### **General mandate to issue Shares**

Subject to the Global Offering becoming unconditional, our Directors were granted a general mandate to allot, issue and deal with any Class A Shares or securities convertible into Class A Shares of not more than the sum of:

- 20% of the total number of Shares in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the

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## SHARE CAPITAL

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Over-allotment Option, any Shares which may be issued under the Equity Incentive Schemes, and any Class A Shares that are issuable upon conversion of the Class B Shares on a one to one basis); and

- the total number of Shares repurchased by our Company pursuant to the authority referred to in the section headed “— General mandate to repurchase Shares” below.

This general mandate to issue Class A Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

### **General mandate to repurchase Shares**

Subject to the Global Offering becoming unconditional, our Directors were granted a general mandate to repurchase our own Class A Shares up to 10% of the total number of Shares in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any Shares which may be issued under the Equity Incentive Schemes, and any Class A Shares that are issuable upon conversion of the Class B Shares on an one-to-one basis).

This mandate only relates to repurchases on the Stock Exchange, and in accordance with all applicable laws and the requirements under the Listing Rules as amended from time to time.

This general mandate to repurchase Class A Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and



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## SHARE CAPITAL

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- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

See the section headed “Statutory and General Information — A. Further Information about Our Group — 5. Explanatory statement on repurchase of our own securities” in Appendix IV for further details of this general mandate to repurchase Shares.

### **Equity Incentive Scheme**

We have adopted the 2019 Share Incentive Plan and the Post-IPO Share Scheme. As of the Latest Practicable Date, the number of underlying Class A Shares pursuant to the outstanding options granted under the 2019 Share Incentive Plan (net of 12,715,897 forfeited options) amounts to 43,870,703 Class A Shares, among which our directors, senior managers and employees are granted with outstanding options to subscribe for an aggregate of 41,696,159 Class A Shares, and certain of our franchisees who are individuals as well as the individuals controlling certain of our franchisees which are companies, as our consultants, are granted with outstanding options to subscribe for an aggregate of 2,174,544 Class A Shares. See the section headed “Statutory and General Information — D. Equity Incentive Schemes” in Appendix IV for further details.