
USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$19,274 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering based on an indicative maximum Public Offer Price of HK\$468.00 per Share and assuming the Over-allotment Option is not exercised, or HK\$22,178 million if the Over-allotment Option is exercised in full.

We currently intend to apply these net proceeds for the following purposes:

- Approximately 45%, or HK\$8,673 million, will be used to expand and deepen our restaurant network. We believe we have the potential to grow to 20,000 restaurants or more in the future. We will focus on increasing our geographic footprint in both existing and new cities, and are tracking over 800 cities that do not have a KFC and Pizza Hut restaurant. We will continue to remodel and expand our restaurant network, and explore various new restaurant formats to support expansion, including different store designs or service models aimed at addressing the needs of different guests and for different occasions. We plan to continue to grow our emerging brands and focus on exploring suitable business models, product innovation and operational enhancement for these emerging brands. We will also continue to seek franchise opportunities for both our core and emerging brands to develop our franchisee-owned store portfolio over time.
- Approximately 45%, or HK\$8,673 million will be used for investments in (i) digitalization and supply chain, (ii) food innovation and value proposition, and (iii) high quality assets.
 - *Digitalization and supply chain.* We will continue to invest in technology with a focus on improving our overall technology infrastructure, digital and delivery capabilities and supply chain. For example, we will continue to invest in and develop our end-to-end digital capabilities with new digital, delivery and payment technologies, to support our growth and to meet our customers' evolving consumptions needs. We plan to invest in digitalization, automation and AI to more effectively connect online traffic with our offline assets, as well as focus on connecting our front-end, guest facing systems to back-end systems such as operations and supply chain. We will continue to introduce innovative technologies, new delivery menu items and novel delivery service concepts for our delivery business.
 - *Food innovation and value proposition.* We will continue our food innovation and strengthen our value proposition. We will seek to introduce innovative menu items to meet evolving consumer preference and local tastes, drive guest engagement and continue to broaden our brand appeal. As part of such efforts, we plan to continue to develop unique recipes and special seasonings to provide appealing, tasty and convenient food choices at competitive prices. In addition, we will continue to focus on our value proposition with product offering and value campaigns.
 - *High quality assets.* We intend to focus on high-quality brands and enablers to capture growth opportunities and further enhance our competitiveness. We will prudently assess investment targets based on each candidate's strategic value, brand equity, business scale and financial performance, amongst other factors.
- Approximately 10%, or HK\$1,928 million, will be used for our working capital and general corporate purposes.