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Jiumaojiu International Holdings Limited

九毛九国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9922)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

The board of directors (the “**Board**”) of Jiumaojiu International Holdings Limited (九毛九国际控股有限公司) (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2021, together with comparative figures for the year ended December 31, 2020.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

KEY FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,179,704	2,714,830
Store level operating profit ⁽¹⁾	809,297	404,602
Profit before taxation	505,920	176,608
Profit for the year	372,153	138,006
Profit for the year attributable to equity Shareholders of the Company	339,936	124,063
Adjusted net profit ⁽²⁾	380,427	116,141
Final dividend proposed after the end of the year	70,968	24,367
Special dividend proposed after the end of the year	–	24,367
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Notes:

- (1) We define store level operating profit as revenue for the year deducting the following expenses at store level: (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utilities expenses, (vii) advertising and promotion expenses and (viii) other expenses. We consider this change in definition to be more meaningful to the management for review and analysis purposes. We have updated the comparative figure for the year ended December 31, 2020 accordingly.
- (2) We define adjusted net profit as profit for the year adjusted by excluding all non-recurring charges/gains, namely, adding (i) equity-settled share-based payment expenses and (ii) listing expenses, deducting (iii) interest income on subscription monies received from the Global Offering.

KEY OPERATIONAL HIGHLIGHTS

	As of/for the year ended December 31,	
	2021	2020
Number of restaurants⁽¹⁾	470	381
Seat turnover rate⁽²⁾		
Jiu Mao Jiu	1.9	1.7
Tai Er.	3.4	3.8
Average spending per customer (RMB)⁽³⁾		
Jiu Mao Jiu	59	60
Tai Er.	80	79
Same store sales (RMB'000)⁽⁴⁾		
Jiu Mao Jiu	370,120	297,391
Tai Er.	1,553,558	1,470,215
Same store sales growth (%)		
Jiu Mao Jiu	24.5	(34.0)
Tai Er.	5.7	(9.3)

Notes:

- (1) Including both self-operated and franchised restaurants.
- (2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the year.
- (3) Calculated by dividing revenue for the year by total customer traffic for the year.
- (4) Same store sales for the year refers to the revenue of all restaurants that qualified as same stores during that year. We define our same store base to be those restaurants that opened for at least 300 days in both 2020 and 2021.

BUSINESS REVIEW AND OUTLOOK

Overview

In the year of 2021, we adhered to our multi-brand and multi-concept strategy and explored new business opportunities, aiming to further expand our market share and maintain our market position as a leading Chinese cuisine restaurant brand manager and operator in the People's Republic of China (“**PRC**”). We accelerated the expansion of our restaurant network when the operation of our existing restaurants recovered from the outbreak of the novel coronavirus COVID-19 (the “**Pandemic**”). As of December 31, 2021, we operated 453 restaurants and managed 17 franchised restaurants, covering 85 cities in the PRC, one city in Canada and one city in Singapore.

We have expanded our brand portfolio by introducing our Lai Mei Li (賴美麗) brand in the second half of 2021. We opened two Lai Mei Li restaurants offering grilled fish with green peppercorns (青花椒烤魚) and other side dishes and drinks. Leveraging our extensive experience and success in the operation of our Tai Er brand, we aim to create a unique and amusing dining experience for our customers.

We recorded a 54.0% growth in revenue and a 169.7% growth in net profit, respectively, in 2021 as compared to 2020, despite the continuing impact of the Pandemic, primarily due to (i) the continuous restaurant network expansion of Tai Er with the number of restaurants boosted from 233 as of December 31, 2020 to 350 as of December 31, 2021 and (ii) the increase in total restaurant operation days in 2021 compared with that in 2020, as a result of the recovery of the Group's operation from the Pandemic.

The Impact of the Pandemic

The business operation of substantially all of our existing restaurants has recovered from the Pandemic by the end of 2021. However, due to regional outbreaks of COVID-19 in several provinces in the PRC, including Guangdong, Henan, Jiangsu, Fujian and Shaanxi, the dine-in services of certain of our restaurants were temporarily suspended for up to 30 days during 2021. The estimated loss of revenue resulted from the temporary suspension of our restaurant operations or dine-in services in 2021 amounted to approximately RMB365.6 million.

We have been closely reviewing the performance of our restaurants and adjusting our business strategies from time to time to mitigate the impact of the Pandemic on our business operations. However, it remains difficult to predict the full impact of the Pandemic on the broader economy and how consumer dine-out behavior may be affected, which may impose continuing adverse effect on our results of operations, cash flows and financial condition going forward. The extent to which our operations continue to be impacted by the Pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including, among other things, the possible reemergence and further spread of COVID-19 in the PRC and the effectiveness of actions and measures undertaken by the government authorities to contain the Pandemic or treat its impact.

Our Directors believe that our liquidity position remains healthy and we possess sufficient cash and banking facilities available to meet our commitments and working capital requirements. For details, see “—Management Discussion and Analysis — Liquidity, Capital Resources and Gearing.”

2021 Business and Financial Performance Review

Restaurant network

In 2021, we opened 133 new restaurants, which comprise one Jiu Mao Jiu restaurant, 122 Tai Er restaurants, one franchised Double Eggs restaurant, seven Song Chongqing Hot Pot Factory restaurants and two Lai Mei Li restaurants. Among our restaurants, 44 restaurants were closed in 2021 primarily due to (i) the termination of the relevant lease agreements and (ii) their underperformance based on our evaluation.

The table below sets forth a breakdown of our restaurants by brand as of the dates indicated:

	As of December 31,	
	2021	2020
Number of restaurants		
Jiu Mao Jiu	83	98
Tai Er	350	233
Double Eggs (self-operated)	8	14
Double Eggs (franchised)	17	32
Song (cold pot skewers)	–	1
Song Chongqing Hot Pot Factory	9	2
Uncle Chef	1	1
Lai Mei Li	2	–
Total	470	381

Restaurant performance

The table below sets forth the key performance indicators of our restaurants by brand for the years indicated:

	For the year ended December 31,	
	2021	2020
Revenue (RMB'000)		
Jiu Mao Jiu	758,756	698,320
Tai Er	3,285,180	1,960,170
Double Eggs (self-operated)	12,608	14,425
Double Eggs (franchised) ⁽¹⁾	16,399	15,791
Song (cold pot skewers)	2,232	2,993
Song Chongqing Hot Pot Factory	87,405	7,482
Uncle Chef	12,402	9,757
Lai Mei Li	3,152	–
Seat turnover rate⁽²⁾		
Jiu Mao Jiu	1.9	1.7
Tai Er	3.4	3.8
Double Eggs (self-operated)	–	–
Double Eggs (franchised)	–	–
Song (cold pot skewers)	1.8	2.2
Song Chongqing Hot Pot Factory	2.5	2.6
Uncle Chef	1.7	1.6
Lai Mei Li	2.4	–
Average spending per customer⁽³⁾ (RMB)		
Jiu Mao Jiu	59	60
Tai Er	80	79
Double Eggs (self-operated)	22	22
Double Eggs (franchised) ⁽¹⁾	21	22
Song (cold pot skewers)	57	61
Song Chongqing Hot Pot Factory	129	119
Uncle Chef	144	142
Lai Mei Li	84	–

Notes:

- (1) Restaurant performance for franchised Double Eggs restaurants is shown for reference only. Revenue generated by franchised Double Eggs restaurants as shown in the table above does not represent the Group's revenue recognized from these restaurants. Our revenue recognized from these restaurants is contributed from fees we charge our franchisees in accordance with the relative franchise agreements. In 2020 and 2021, our revenue recognized from franchised Double Eggs restaurants amounted to RMB2.4 million and RMB2.0 million, respectively.
- (2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the year. Seat turnover rate does not apply to Double Eggs.
- (3) Calculated by dividing revenue for the year by total customer traffic for the year.

Restaurant performance of most of our brands improved due to the recovery of the operation of our restaurants from the Pandemic. Notably, revenue contribution from our Tai Er restaurants increased by 67.6% as a result of the rapid expansion of restaurant network of Tai Er in 2021. The seat turnover rate of Tai Er decreased in 2021, primarily because (i) the general consumer sentiment was weakened due to the prolonged and unstable COVID-19 pandemic, in particular as a result of regional outbreaks of COVID-19 in several provinces in the PRC where our restaurants were in operation, during 2021; and (ii) we further expanded the restaurant network of Tai Er to lower-tier cities and fringe commercial districts in 2021 where both customer traffic and operating costs are relatively lower than the locations of existing Tai Er restaurants.

Same store sales

The table below sets forth details of our same store sales by brand for the years indicated.

	For the year ended December 31,			
	2021	2020	2020	2019
Number of same store⁽¹⁾				
Jiu Mao Jiu	39		48	
Tai Er.	124		68	
Double Eggs (self-operated).	11		8	
Song (cold pot skewers) ⁽²⁾	1		1	
Same store sales⁽³⁾ (RMB'000)				
Jiu Mao Jiu	370,120	297,391	368,779	558,390
Tai Er.	1,553,558	1,470,215	886,755	977,334
Double Eggs (self-operated).	11,951	9,678	7,562	10,371
Song (cold pot skewers) ⁽²⁾	2,232	2,993	2,993	5,399
Same store sales growth (%)				
Jiu Mao Jiu	24.5		(34.0)	
Tai Er.	5.7		(9.3)	
Double Eggs (self-operated).	23.5		(27.1)	
Song (cold pot skewers) ⁽²⁾	(25.4)		(44.6)	

Notes:

- (1) We define our same store base to be those restaurants that opened for at least 300 days in both 2019 and 2020, and in both 2020 and 2021. Figures for Uncle Chef are not available since the only Uncle Chef restaurant opened for less than 300 days in 2019 and 2020.
- (2) We ceased to operate the Song (cold pot skewers) brand permanently in November 2021.
- (3) Same store sales for the year refer to the revenue of all restaurants that qualified as same stores during that year.

Outlook for 2022

We remain fully devoted to providing marvelous dining experience to our customers through exquisite dishes, high-quality services and unique dining ambience, and with a view to maintaining a strong market position and enhancing our competitiveness, we will continue to implement the following growth strategies:

- ***Replicate our success through further expansion.*** We have been closely monitoring the development of the Pandemic in the PRC and adjusting the timeline of our restaurant network expansion plan for different brands as and when appropriate. We expect that we will remain on track with our restaurant network expansion plan set forth in the prospectus (the “**Prospectus**”) of the Company dated December 30, 2019 for Tai Er while adopting a moderate approach in the timeframe of our restaurant network expansion plan for other brands.
- ***Continue to expand into more market segments by pursuing a multi-brand and multi-concept strategy.*** We plan to further promote the brand image and recognition of Tai Er as it has achieved higher operating profits compared with our other brands. We will continue to develop our Song Chongqing Hot Pot Factory and Lai Mei Li brands which we believe have great growth potentials. We will also invest in companies in the catering service industry. We intend to identify targets which adopt innovative business models and possess development and growth potential, or whose business models can create synergies with our business and fit into our multi-brand development strategy. We currently have not yet identified any potential target. We believe our multi-brand and multi-concept strategy allows us to further expand into more market segments, capture market opportunities, broaden our customer base and ultimately increase our market share. The collaboration with various young and innovative brands would enable us to stay attuned to market trends. We will keep exploring potential opportunities and may further expand our brand portfolio to maintain our competitive advantage.
- ***Continue to strengthen our supply and support capabilities.*** We rented a new warehouse near our central kitchen in Foshan. The existing warehouse of our Foshan central kitchen has been converted into a food processing center to enhance our supply chain capabilities in support of our future expansion plan. We have also commenced the construction of our new supply chain center in Southern China to enhance our supply chain capabilities in support of our future expansion plan. In addition, we will continue our cooperation with suppliers of our key ingredients by way of joint ventures or other means to secure stable supply of key ingredients.
- ***Expand into the global markets to gain international presence.*** In 2021, we continued to expand the restaurant network of Tai Er overseas and extended our presence to Singapore. We will continue to carry out comprehensive research into potential overseas target markets and carefully evaluate and select appropriate locations for our expansion to gain international presence. We will prioritize countries with high population of Chinese people, such as Singapore, the United States and Canada, for our future expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue increased by 54.0% from RMB2,714.8 million for the year ended December 31, 2020 to RMB4,179.7 million for the year ended December 31, 2021.

Revenue by brand

We generate revenue from three segments classified by brands, including Jiu Mao Jiu, Tai Er and all other brands. The following table sets forth a breakdown of our revenue by brand for the years indicated:

	For the year ended December 31,			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Jiu Mao Jiu	760,462	18.2	715,513	26.3
Tai Er	3,292,184	78.8	1,961,811	72.3
Others	127,058	3.0	37,506	1.4
Total	<u>4,179,704</u>	<u>100.0</u>	<u>2,714,830</u>	<u>100.0</u>

Our revenue from Jiu Mao Jiu increased by 6.3% from RMB715.5 million for the year ended December 31, 2020 to RMB760.5 million for the year ended December 31, 2021, primarily due to an increase in the number of operating days in 2021 compared with 2020. Our revenue from Jiu Mao Jiu as a percentage of total revenue decreased from 26.3% in 2020 to 18.2% in 2021, primarily due to the combined effects of the closures of Jiu Mao Jiu restaurants and an increase in the number of our Tai Er restaurants in 2021.

Our revenue from Tai Er increased by 67.8% from RMB1,961.8 million for the year ended December 31, 2020 to RMB3,292.2 million for the year ended December 31, 2021, primarily due to the significant increase in the number of Tai Er restaurants from 233 as of December 31, 2020 to 350 as of December 31, 2021 as a result of their popularity and outstanding operating performance. Consequently, our revenue from Tai Er as a percentage of total revenue increased from 72.3% in 2020 to 78.8% in 2021.

Our revenue from other brands increased by 238.8% from RMB37.5 million for the year ended December 31, 2020 to RMB127.1 million for the year ended December 31, 2021, primarily due to the recovery of our operation from the Pandemic and the increase in revenue from Song Chongqing Hot Pot Factory. Revenue from other brands as a percentage of total revenue increased from 1.4% in 2020 to 3.0% in 2021.

Revenue by service line

Services provided by us or activities we engage in comprise (i) restaurant operations, (ii) delivery business, (iii) sales of specialities and (iv) others including franchising and management and operation of Machang Restaurant. The following table sets forth a breakdown of our revenue from each service line for the years indicated:

	For the year ended December 31,			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Restaurant operations.....	3,524,424	84.3	2,213,459	81.5
Delivery business.....	621,506	14.9	473,792	17.5
Sales of specialities.....	15,855	0.4	3,070	0.1
Others.....	17,919	0.4	24,509	0.9
Total.....	<u>4,179,704</u>	<u>100.0</u>	<u>2,714,830</u>	<u>100.0</u>

Revenue from restaurant operations increased by 59.2% from RMB2,213.5 million for the year ended December 31, 2020 to RMB3,524.4 million for the year ended December 31, 2021, primarily due to the recovery of our restaurant operations from the Pandemic as well as the expansion of restaurant network of Tai Er from 233 as of December 31, 2020 to 350 as of December 31, 2021. As a result, revenue from restaurant operations as a percentage of total revenue increased from 81.5% for the year ended December 31, 2020 to 84.3% for the year ended December 31, 2021.

Revenue from delivery business increased by 31.2% from RMB473.8 million for the year ended December 31, 2020 to RMB621.5 million for the year ended December 31, 2021, primarily due to the increase in the number of our restaurants which also offer delivery services. Revenue from our delivery business as a percentage of total revenue decreased from 17.5% for the year ended December 31, 2020 to 14.9% for the year ended December 31, 2021, primarily due to the recovery of our restaurant operations from the Pandemic.

Revenue from sales of specialities increased by 416.4% from RMB3.1 million for the year ended December 31, 2020 to RMB15.9 million for the year ended December 31, 2021, primarily due to our continued development of the Tai Er brand's specialities products. Revenue from sales of specialities as a percentage of total revenue increased slightly from 0.1% for the year ended December 31, 2020 to 0.4% for the year ended December 31, 2021.

Revenue from others decreased by 26.9% from RMB24.5 million for the year ended December 31, 2020 to RMB17.9 million for the year ended December 31, 2021, primarily due to a decrease in the number of our franchised Double Eggs restaurants from 32 as of December 31, 2020 to 17 as of December 31, 2021, resulting in a decrease in revenue generated from our franchised Double Eggs restaurants (including franchise income and sales of raw materials to franchisees). As a result, revenue from others as a percentage of total revenue decreased from 0.9% for the year ended December 31, 2020 to 0.4% for the year ended December 31, 2021.

Other Revenue

Our other revenue decreased by 23.5% from RMB83.9 million for the year ended December 31, 2020 to RMB64.2 million for the year ended December 31, 2021, primarily due to (i) a decrease in interest income on bank deposits of approximately RMB17.9 million attributable to the decreased balance of our bank deposits, and (ii) a decrease in income from super deduction and exemption on value-added tax granted by the relevant government authorities in the PRC of RMB4.7 million.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 47.0% from RMB1,045.8 million for the year ended December 31, 2020 to RMB1,537.4 million for the year ended December 31, 2021 in line with our business expansion. Our raw materials and consumables used as a percentage of revenue decreased from 38.5% for the year ended December 31, 2020 to 36.8% for the year ended December 31, 2021, primarily because we have secured lower costs of procurement of key raw materials, namely bass and sauerkraut.

Staff Costs

Our staff costs increased by 41.3% from RMB747.9 million for the year ended December 31, 2020 to RMB1,056.9 million for the year ended December 31, 2021, primarily due to an increase in the number of our employees as we recruited new employees for the newly opened restaurants in 2021. Our staff costs as a percentage of revenue decreased from 27.5% for the year ended December 31, 2020 to 25.3% for the year ended December 31, 2021, primarily due to the rapid growth of our total revenue attributable to the expansion of restaurant network as well as recovery of our restaurant operations from the Pandemic.

Depreciation of Right-of-use Assets

Depreciation of right-of-use assets increased by 40.9% from RMB243.0 million for the year ended December 31, 2020 to RMB342.5 million for the year ended December 31, 2021, primarily due to the increase in the number of our restaurants. Depreciation of right-of-use assets as a percentage of revenue decreased slightly from 9.0% for the year ended December 31, 2020 to 8.2% for the year ended December 31, 2021, primarily due to the rapid growth of our total revenue attributable to the expansion of restaurant network as well as recovery of our restaurant operations from the Pandemic.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 94.5% from RMB49.8 million for the year ended December 31, 2020 to RMB96.9 million for the year ended December 31, 2021, primarily due to the increase in variable rent payment as a result of the expansion of our restaurant network as well as recovery of our restaurant operations from the Pandemic. Our other rentals and related expenses as a percentage of revenue increased from 1.8% for the year ended December 31, 2020 to 2.3% for the year ended December 31, 2021, primarily due to the decrease in COVID-19 related rent concessions in 2021.

Depreciation and Amortization of Other Assets

Depreciation and amortization of other assets increased by 43.9% from RMB110.6 million for the year ended December 31, 2020 to RMB159.1 million for the year ended December 31, 2021, primarily due to an increase in restaurant renovation costs resulting from the expansion of our restaurant network. Depreciation and amortization of other assets as a percentage of revenue decreased slightly from 4.1% for the year ended December 31, 2020 to 3.8% for the year ended December 31, 2021, primarily due to the rapid growth of our total revenue attributable to the expansion of restaurant network as well as recovery of our restaurant operations from the Pandemic.

Utilities Expenses

Our utilities expenses increased by 39.8% from RMB94.7 million for the year ended December 31, 2020 to RMB132.4 million for the year ended December 31, 2021 along with the recovery of our restaurant operations from the Pandemic. Our utilities expenses as a percentage of revenue decreased slightly from 3.5% for the year ended December 31, 2020 to 3.2% for the year ended December 31, 2021, primarily because revenue contribution from Tai Er restaurants grew in 2021 and Tai Er restaurants incurred lower utilities expenses compared with our other brands.

Travelling and Related Expenses

Our travelling and related expenses increased by 41.5% from RMB16.7 million for the year ended December 31, 2020 to RMB23.6 million for the year ended December 31, 2021, primarily because our staff traveled more frequently for daily operations as a result of the nationwide expansion of our Tai Er restaurant network in 2021. Our travelling and related expenses as a percentage of revenue remained relatively stable at 0.6% in both 2020 and 2021.

Listing Expenses

We recorded no listing expense for the year ended December 31, 2021 in relation to the global offering of the Company's shares (the "**Shares**") in connection with the listing of the Shares (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on January 15, 2020 (the "**Global Offering**"), compared with that of RMB7.3 million (equivalent to approximately HK\$8.3 million), representing 0.3% of our revenue for the year ended December 31, 2020.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 123.0% from RMB21.4 million for the year ended December 31, 2020 to RMB47.7 million for the year ended December 31, 2021, primarily because we organized more marketing campaigns to raise brand awareness. Advertising and promotion expenses as a percentage of revenue increased slightly from 0.8% for the year ended December 31, 2020 to 1.1% for the year ended December 31, 2021.

Other Expenses

Our other expenses increased by 33.8% from RMB194.2 million for the year ended December 31, 2020 to RMB259.8 million for the year ended December 31, 2021, primarily due to the increase in (i) external professional service fees by RMB22.8 million, (ii) transportation and related expenses by RMB25.4 million and (iii) cleaning fees by RMB9.7 million.

Share of Profits/(Losses) of Associates

We recognized share of profits of associates of RMB1.0 million for the year ended December 31, 2021, while we incurred share of losses of associates of RMB8.2 million for the year ended December 31, 2020, primarily due to the gains of our minority equity investments in associates in 2021.

Other Net Income/(Losses)

We recognized other net income of RMB11.4 million for the year ended December 31, 2021, while we incurred other net losses of RMB28.2 million for the year ended December 31, 2020, primarily due to (i) a decrease in losses on disposal of property, plant and equipment and right-of-use assets, and losses on rental deposits, net of RMB21.2 million, and (ii) net foreign exchange gain of RMB17.9 million recognized in 2021.

Finance Costs

Our finance costs increased by 11.7% from RMB67.4 million for the year ended December 31, 2020 to RMB75.3 million for the year ended December 31, 2021, primarily due to an increase in interest on lease liabilities of RMB11.7 million recognized in accordance with IFRS 16 associated with our increasing number of leases as a result of the expansion of our restaurant network.

Income Tax

Our income tax increased by 246.5% from RMB38.6 million for the year ended December 31, 2020 to RMB133.8 million for the year ended December 31, 2021, primarily due to the increase in our taxable income. Our effective tax rate increased from 21.9% for the year ended December 31, 2020 to 26.4% for the year ended December 31, 2021, primarily because the interest income on subscription monies received from the Global Offering was exempted from income tax for the year ended December 31, 2020.

Profit for the Year

As a result of the foregoing, profit for the year increased by 169.7% from RMB138.0 million for the year ended December 31, 2020 to RMB372.2 million for the year ended December 31, 2021.

Non-IFRS Measures

We adopt the store level operating profit and adjusted net profit, which are not required by or presented in accordance with IFRS as important financial measures to supplement our consolidated financial statements.

Store Level Operating Profit and Store Level Operating Profit Margin

We believe that store level operating profit helps shareholders and investors better understand our multi-brand and multi-concept strategy by directly illustrating the profitability of our different brands at store level, and that it is frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry.

We define store level operating profit as revenue deducting the following expenses at store level: (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utilities expenses, (vii) advertising and promotion expenses and (viii) other expenses. The following table illustrates our store level operating profit and store level operating profit margin by brands for the years indicated:

	For the year ended December 31,			
	2021		2020	
	Store Level Operating Profit	Store Level Operating Profit Margin	Store Level Operating Profit	Store Level Operating Profit Margin
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Jiu Mao Jiu	97,965	12.9	39,570	5.5
Tai Er.	718,540	21.8	362,415	18.5
Other Brands	(7,208)	(5.7)	2,617	7.0
Total	<u>809,297</u>	<u>19.4</u>	<u>404,602</u>	<u>14.9</u>

Adjusted Net Profit and Adjusted Net Profit Margin

The presentation of adjusted net profit facilitates comparisons of operating performance from period to period and company to company, by eliminating potential impacts of items that our management does not consider indicative of our operating performance. Listing expenses and interest income on subscription monies received from the Global Offering are one-off expenses in relation to the Global Offering. Equity-settled share-based payment expenses are non-operational expenses arising from granting restricted stock units and share options to selected executives and employees, the amount of which may not directly correlate with the underlying performance of our business operations. We believe that the adjusted net profit is frequently used by other interested parties when evaluating the performance of a company.

We define adjusted net profit as profit for the year adjusted by excluding all non-recurring charges/gains, namely, adding (i) equity-settled share-based payment expenses and (ii) listing expenses and deducting (iii) interest income on subscription monies received from the Global Offering. The following table illustrates a reconciliation from profit for the year to adjusted net profit for the years indicated:

	For the year ended	
	December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	372,153	138,006
Add:		
Equity-settled share-based payment expenses	8,274	7,240
Listing expenses	–	7,344
Deduct:		
Interest income on subscription monies received from the Global Offering	–	(36,449)
Adjusted net profit	380,427	116,141
Revenue	4,179,704	2,714,830
Adjusted net profit margin (%)	9.1	4.3

Inventories

Our inventories mainly represented our (i) food ingredients, (ii) condiment product, (iii) beverage and (iv) other materials used in our restaurant operations. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Food ingredients	34,919	26,094
Condiment product	17,203	12,828
Beverage	2,218	1,167
Other materials	16,410	11,005
Total	70,750	51,094

Our inventories increased by 38.5% from RMB51.1 million as of December 31, 2020 to RMB70.8 million as of December 31, 2021 in line with the expansion of our restaurant network.

Our inventory turnover days in 2020 and 2021, being the average of the beginning and ending inventories for that year divided by raw materials and consumables used for the same period and multiplied by 365 days, was 22.0 days and 14.5 days, respectively. The decrease in our inventory turnover days was primarily due to the faster consumption of food ingredients as a result of the recovery of our restaurant operations from the Pandemic.

Right-of-use Assets

Our right-of-use assets, which represented the leases for our restaurant premises, headquarters offices, central kitchens and certain kitchen equipment, increased by 18.8% from RMB1,216.0 million as of December 31, 2020 to RMB1,444.1 million as of December 31, 2021, primarily due to the increase in the number of our Tai Er restaurants.

Trade Debtors

Our trade debtors primarily consisted of (i) bills settled through third party payment platforms such as Alipay or WeChat Pay, which were normally settled within a short period of time, (ii) bills for our delivery business settled through third party delivery services platforms, which were settled within three calendar days, and, to a lesser extent, (iii) bills received by shopping malls on behalf of us for certain restaurants, which were normally settled within one month. Our trade debtors decreased by 19.0% from RMB15.1 million as of December 31, 2020 to RMB12.2 million as of December 31, 2021, primarily due to normal fluctuation at year end as a result of timing differences of settlement of bills from certain third party payment platform. As a result, our trade debtors turnover days, being the average of the beginning and ending balances of trade debtors for that period divided by revenue for the same period and multiplied by the number of days in that period, decreased from 1.8 days in 2020 to 1.2 days in 2021.

Trade Payables

Our trade payables primarily consisted of payables to our suppliers. Our trade payables increased by 2.5% from RMB137.7 million as of December 31, 2020 to RMB141.2 million as of December 31, 2021, primarily due to our business expansion. Our trade payables turnover days, being the average of the beginning and ending balances of trade payables for that period divided by raw materials and consumables used for the same period and multiplied by the number of days in that period, decreased from 40.9 days in 2020 to 33.1 days in 2021, primarily because we negotiated with our suppliers for the extension of credit term for the year ended December 31, 2020 due to the Pandemic.

Capital Structure

Our total assets increased from RMB4,806.5 million as of December 31, 2020 to RMB5,135.1 million as of December 31, 2021. Our total liabilities increased from RMB1,746.0 million as of December 31, 2020 to RMB1,997.5 million as of December 31, 2021. Liabilities-to-assets ratio increased from 36.3% as of December 31, 2020 to 38.9% as of December 31, 2021.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 3.82 as of December 31, 2020 to 3.18 as of December 31, 2021.

Liquidity, Capital Resources and Gearing

For the year ended December 31, 2021, we financed our operations primarily through cash generated from operations, proceeds from the Global Offering and proceeds from the Subscription (as defined in the announcement of the Company dated July 16, 2020 in relation to the subscription for new Shares under the general mandate). We mainly used Renminbi and Hong Kong dollars to make borrowings and loans and to hold cash and cash equivalents. We mainly utilized our cash on procurement of food ingredients, consumables and equipment, and restaurant renovations. Our cash and cash equivalents decreased by 27.2% from RMB1,843.9 million as of December 31, 2020 to RMB1,342.1 million as of December 31, 2021, primarily attributable to payment of RMB300.0 million for the acquisition of non-controlling interests of subsidiaries as detailed in the section below headed “Material Acquisitions and Future Plans for Major Investment.”

Our gearing ratio, being interest-bearing bank loans divided by total equity and multiplied by 100%, decreased from 1.4% as of December 31, 2020 to nil as of December 31, 2021, as we had no outstanding bank loans as of December 31, 2021.

Capital Expenditures

Our capital expenditures, which referred to the payment for purchases of property, plant and equipment, are incurred primarily for opening new restaurants, procuring property, plant and equipment for new restaurants, renovating existing restaurants and purchasing furniture and equipment used in our restaurant operations. Our total capital expenditures increased by 19.9% from RMB280.5 million for the year ended December 31, 2020 to RMB336.3 million for the year ended December 31, 2021.

Indebtedness

Bank Loans

As of December 31, 2021, the Group had no outstanding bank loans (as of December 31, 2020: RMB43.0 million). As of December 31, 2021, banking facilities of the Group amounted to RMB60.0 million (As of December 31, 2020: RMB100.0 million) and none was utilized (as of December 31, 2020: RMB43.5 million).

Lease Liabilities

Our lease liabilities increased by 17.2% from RMB1,284.2 million as of December 31, 2020 to RMB1,504.8 million as of December 31, 2021, primarily due to the restaurant expansion of Tai Er.

Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

Pledge of Assets

As of December 31, 2021, bank deposits of RMB1,792,000 was restricted by the relevant courts for two contractual disputes and RMB1,045,000 has been released as at the date of this announcement.

Save as disclosed above, as of December 31, 2021, the Group did not have any pledge on its assets.

Significant Events After the Reporting Period

Except as disclosed in note 12 to the consolidated financial statements, there are no material events subsequent to December 31, 2021 which could have a material impact on our operating and financial performance as of the date of this announcement.

Foreign Exchange Risk and Hedging

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has cash and deposits denominated in other currencies which are exposed to foreign currency exchange risks. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

Material Acquisitions and Future Plans for Major Investment

On March 22, 2021, the Group entered into a state-owned construction land use rights transfer agreement (the “**Land Use Rights Transfer Agreement**”) with Guangzhou Municipal Planning and Natural Resources Bureau and a project investment agreement (the “**Project Investment Agreement**”) with Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce. Pursuant to the aforementioned agreements, the Company shall, among others, acquire the land use rights of the parcel of land numbered 2021NGY-3 located at the north side of Hengli Industrial Park Feng Ma Road, Guangzhou, Guangdong Province, the PRC with a site area of 39,488 square meters (the “**Land**”) and to construct and establish a multifunctional Jiumaojiu National Supply Chain Center Base (九毛九全國供應鏈中心基地) on the Land (the “**Project**”). The plot ratio of the Land is not more than 3.5 and the permitted use of the Land is industrial use. The Project has commenced construction in late December 2021 and is expected to be completed within three years from the date of the Land Use Rights Transfer Agreement. Pursuant to the Project Investment Agreement, the total investment amount by the Group in the Project shall be not less than RMB500.0 million. For details, please refer to the announcements of the Company dated March 22, 2021 and April 13, 2021.

On September 5, 2021, Tai Er (Guangzhou) Investment Co., Ltd., which is an indirect wholly-owned subsidiary of the Company as the purchaser, and Shanghai Chunsi Business Consulting Partnership (Limited Partnership) (“**Huzhou Jiajun**”, formerly known as Huzhou Jiajun Business Partnership (Limited Partnership)) as the vendor entered into an equity transfer agreement, pursuant to which the vendor agreed to sell and the purchaser agreed to purchase 3% of the equity interest in Guangzhou Tai Er Catering Chain Co., Ltd. (“**Tai Er Catering**”), which is an indirect non-wholly owned subsidiary of the Company, at a total consideration of RMB300.0 million (the “**Acquisition**”). Following completion of the Acquisition, the Company’s equity interest in Tai Er Catering increased from 85% to 88% and would be able to enjoy more benefits arising from the future growth and success of Tai Er restaurants managed by Tai Er Catering. The consideration of the Acquisition has been fully settled in cash in one lump sum with the internal resources of the Group. For details, please refer to announcements of the Company dated September 5, 2021 and October 15, 2021.

Save as disclosed above, during the year ended December 31, 2021, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus and the intended use of proceeds from the Subscription as disclosed in the Company’s announcements dated July 16, 2020, July 23, 2020 and July 30, 2020, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Final Dividend

The Board recommends the payment of a final dividend of HKD0.06 per ordinary share for the year ended December 31, 2021 (the “**Proposed Final Dividend**”) (for the year ended December 31, 2020: a final dividend of HKD0.02 per ordinary share and a special dividend of HKD0.02 per ordinary share). The Proposed Final Dividend is declared and will be paid in Hong Kong dollar. Subject to the approval of shareholders of the Company (the “**Shareholders**”) at the annual general meeting to be held on Thursday, June 2, 2022 (the “**AGM**”), the Proposed Final Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Tuesday, June 14, 2022. The Proposed Final Dividend is expected to be distributed to the Shareholders on Thursday, June 30, 2022.

Annual General Meeting

The AGM will be held on Thursday, June 2, 2022. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

Closure of Register of Members

(a) Entitlement to Attend and Vote at the AGM

For the purpose of ascertaining the members’ eligibility to attend and vote at the AGM, the Company’s register of members will be closed from Monday, May 30, 2022 to Thursday, June 2, 2022, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong for registration not later than 4:30 p.m. on Friday, May 27, 2022.

(b) Entitlement to the Proposed Final Dividend

For determining the entitlement of the Shareholders to receive the Proposed Final Dividend, the Company’s register of members will be closed from Friday, June 10, 2022 to Tuesday, June 14, 2022, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong for registration not later than 4:30 p.m. on Thursday, June 9, 2022.

Company Information

The Company was incorporated in the Cayman Islands on February 1, 2019 as an exempted company with limited liability, and the shares were listed on the Main Board of the Stock Exchange on January 15, 2020.

Employees

As of December 31, 2021, the Group had a total of 14,495 employees, substantially all of whom were based in the PRC.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

No Material Changes

Saved as disclosed in this announcement, there were no material changes affecting the Group's performance for the year ended December 31, 2021 that need to be disclosed under Paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

Use of Proceeds

Use of Proceeds from the Global Offering

The Company was listed on the Stock Exchange on January 15, 2020. The net proceeds from the Global Offering amounted to approximately HKD2,372.9 million. The following table sets forth the status of the use of net proceeds from the Global Offering⁽¹⁾:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering (In HKD millions)	Percentage of used amount as of March 15, 2022 (%)	Percentage of unused balance as of March 15, 2022 (%)	Timeframe for the unused balance
Expand our restaurant network	77.4	1,837.9 ⁽²⁾	51.4	48.6	By the end of 2024 ⁽³⁾
Further strengthen the supply and support capabilities for our restaurants and enhance our centralized procurement system	5.6	133.7	75.4	24.6	By the end of 2023
Construct and establish a supply chain center in Southern China by 2023	3.2	76.4	57.0	43.0	By the end of 2023
Renovate our existing central kitchens and upgrading our equipment and facilities	2.4	57.3	100.0	–	–
Repay part of our bank loans	8.9	210.2	100.0	–	–
Working capital and general corporate purposes	8.1	191.1	100.0	–	–
Total	100.0	2,372.9	61.0	39.0	By the end of 2024

Notes:

- (1) The figures in the table are approximate figures.
- (2) Including the net proceeds of approximately HKD315.0 million (after deducting the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the exercise of the Over-allotment Option) for the 50,010,000 shares issued upon the exercise in full of the Over-allotment Option.
- (3) The net proceeds from the Global Offering have been used according to the intentions previously disclosed, except that, in light of the persistently uncertain business environment and the outbreak of the Pandemic, barring any unforeseen situations beyond the Group's control, it is expected that the unused net proceeds of approximately HK\$893.4 million for the expansion of our restaurant network, including opening of new restaurants and the renovation of existing restaurants, as of March 15, 2022 are to be fully utilized by the end of 2024.

The expected timeline of full utilization of the unutilized net proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions. The Directors will constantly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. The Directors will also take a cautious approach continually when considering using the proceeds and closely monitor the changes of the market conditions from time to time. Should there be any material change in the intended use of the unutilized net proceeds, the Company will make appropriate announcement(s) in due course.

As of the date of this announcement, the Directors are not aware of any material change to the planned use of the proceeds as disclosed in the section under "Future Plans and Use of Proceeds" in the Prospectus and the announcement of the Company dated March 22, 2021.

Use of Proceeds from the Subscription

The following table sets forth the status of the use of net proceeds from the Subscription which is consistent with the intentions previously disclosed:

Intended use of proceeds	Percentage of intended use of proceeds	Intended use of proceeds from the Subscription	Percentage of used amount as of March 15, 2022	Percentage of unused balance as of March 15, 2022	Timeframe for the unused balance
	<i>(%)</i>	<i>(In HKD millions)</i>	<i>(%)</i>	<i>(%)</i>	
Invest in suppliers for key raw material.	55.0	456.5	26.6	73.4	By the end of 2026
General working capital.	30.0	249.0	100.0	–	–
Invest in other companies in the catering industries	15.0	124.5	69.5	30.5	By the end of 2026
Total	100.0	830.0	55.1	44.9	By the end of 2026

Note:

(1) The figures in the table are approximate figures.

SHARE OPTION SCHEME

A share option scheme was conditionally approved and adopted by our shareholders on December 6, 2019 (the "Share Option Scheme") and its implementation is conditional on the Listing. The purpose of the Share Option Scheme is to provide our Company with a means of incentivizing the any director or employee of our Group who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

The Share Option Scheme remains valid for a period of ten years commencing on December 6, 2019. As at December 31, 2021, the remaining life of the Share Option Scheme is approximately seven years and 11 months.

The table below sets out the details of share options granted and outstanding during the period from January 1, 2021 to December 31, 2021 under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2021	Granted during the year	Date of grant	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2021	Exercise price (HKD per Share)	Exercise period
Directors of the Company									
Guan Yihong	-	200,000	Oct 29, 2021	-	-	-	200,000	20.24	Oct 29, 2022 – Oct 28, 2024
Li Zhuoguang	222,500	-	Oct 28, 2020	-	-	-	222,500	17.98	Oct 28, 2021 – Oct 27, 2023
	-	321,200	Oct 29, 2021	-	-	-	321,200	20.24	Oct 29, 2022 – Oct 28, 2024
Cui Longyu	222,500	-	Oct 28, 2020	-	-	-	222,500	17.98	Oct 28, 2021 – Oct 27, 2023–
	-	299,800	Oct 29, 2021	-	-	-	299,800	20.24	Oct 29, 2022 – Oct 28, 2024
He Chengxiao	289,200	-	Oct 28, 2020	-	-	-	289,200	17.98	Oct 28, 2021 – Oct 27, 2023–
	-	389,800	Oct 29, 2021	-	-	-	389,800	20.24	Oct 29, 2022 – Oct 28, 2024
Employees of the Group									
Employees of the Group	960,400	-	Oct 28, 2020	-	-	(125,700)	834,700	17.98	Oct 28, 2021 – Oct 27, 2023–
	-	2,547,500	Oct 29, 2021	-	-	-	2,547,500	20.24	Oct 29, 2022 – Oct 28, 2024
Total	<u>1,694,600</u>	<u>3,758,300</u>		<u>-</u>	<u>-</u>	<u>(125,700)</u>	<u>5,327,200</u>		

As of December 31, 2021, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 5,327,200, representing 0.37% of the total number of Shares in issue at that date, and the number of Shares in respect of which options may further be granted under the Share Option Scheme was 128,012,800, representing 8.81% of the total number of Shares in issue at that date.

ROUNDING

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended 31 December 2021**(Expressed in Renminbi)*

	<i>Note</i>	2021	2020
		<u>RMB'000</u>	<u>RMB'000</u>
Revenue	2	4,179,704	2,714,830
Other revenue	3	64,236	83,928
Raw materials and consumables used	4(e)	(1,537,366)	(1,045,784)
Staff costs	4(b)	(1,056,868)	(747,850)
Depreciation of right-of-use assets	4(e)	(342,546)	(243,044)
Other rentals and related expenses	4(e)	(96,885)	(49,810)
Depreciation and amortisation of other assets	4(e)	(159,142)	(110,588)
Utilities expenses		(132,352)	(94,657)
Travelling and related expenses		(23,624)	(16,693)
Listing expenses	4(e)	–	(7,344)
Advertising and promotion expenses		(47,722)	(21,399)
Other expenses	4(d)	(259,814)	(194,184)
Share of profits/(losses) of associates		984	(8,242)
Other net income/(losses)	4(c)	11,422	(28,175)
Finance costs	4(a)	(75,307)	(67,418)
Impairment losses of property, plant and equipment and right-of-use assets	4(e)	(18,800)	(23,411)
Interest income on subscription monies received from initial public offering (“IPO”)	4(e)	–	36,449
Profit before taxation	4	505,920	176,608
Income tax	5	(133,767)	(38,602)
Profit for the year		<u>372,153</u>	<u>138,006</u>
Attributable to:			
Equity shareholders of the Company		339,936	124,063
Non-controlling interests		32,217	13,943
Profit for the year		<u>372,153</u>	<u>138,006</u>
Earnings per share	6		
Basic		<u>0.23</u>	<u>0.09</u>
Diluted		<u>0.23</u>	<u>0.09</u>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11(d).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

(Expressed in Renminbi)

	<u>2021</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>372,153</u>	<u>138,006</u>
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	132,771	3,902
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the mainland China	<u>(79,770)</u>	<u>(136,050)</u>
Other comprehensive income for the year	<u>53,001</u>	<u>(132,148)</u>
Total comprehensive income for the year	<u>425,154</u>	<u>5,858</u>
Attributable to:		
Equity shareholders of the Company	392,937	(8,085)
Non-controlling interests	<u>32,217</u>	<u>13,943</u>
Total comprehensive income for the year	<u>425,154</u>	<u>5,858</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

(Expressed in Renminbi)

	Note	2021 <u>RMB'000</u>	2020 <u>RMB'000</u>
Non-current assets			
Property, plant and equipment		572,178	445,031
Right-of-use assets		1,444,128	1,215,952
Intangible assets		18,389	11,914
Interests in associates		13,085	3,401
Other non-current financial assets	7	320,602	68,338
Deferred tax assets		82,219	86,753
Rental deposits		75,599	60,274
Other non-current assets		49,466	53,078
		<u>2,575,666</u>	<u>1,944,741</u>
Current assets			
Inventories	8	70,750	51,094
Trade and other receivables	9	408,958	293,274
Restricted bank deposits		1,792	127
Cash and cash equivalents		1,342,090	1,843,903
Deposits with banks with original maturity date over three months		735,840	673,312
		<u>2,559,430</u>	<u>2,861,710</u>
Current liabilities			
Trade and other payables	10	369,730	347,560
Contract liabilities		5,871	4,065
Lease liabilities		390,685	317,205
Bank loans		–	42,950
Current taxation		38,259	37,165
		<u>804,545</u>	<u>748,945</u>
Net current assets		<u>1,754,885</u>	<u>2,112,765</u>

	<i>Note</i>	<u>2021</u>	<u>2020</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Total assets less current liabilities		4,330,551	4,057,506
Non-current liabilities			
Lease liabilities		1,114,106	966,977
Provisions		31,645	27,050
Deferred tax liabilities		47,204	3,077
		<u>1,192,955</u>	<u>997,104</u>
NET ASSETS		<u>3,137,596</u>	<u>3,060,402</u>
CAPITAL AND RESERVES			
Share capital	<i>11(a)</i>	1	1
Reserves	<i>11(c)</i>	<u>3,082,573</u>	<u>3,016,554</u>
Total equity attributable to equity shareholders of the Company		3,082,574	3,016,555
Non-controlling interests		<u>55,022</u>	<u>43,847</u>
TOTAL EQUITY		<u>3,137,596</u>	<u>3,060,402</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “Functional Currency”). The financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand except for earnings per share information. The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit or loss (FVPL) are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to this financial statements for the current accounting period:

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in IFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on this financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are restaurant operations, delivery business and sales of specialities.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15:		
Restaurant operations	3,524,424	2,213,459
Delivery business	621,506	473,792
Sales of specialities	15,855	3,070
Others	17,919	24,509
	<u>4,179,704</u>	<u>2,714,830</u>
Disaggregated by timing of revenue recognition		
– Point in time	4,179,261	2,714,081
– Over time (<i>note</i>)	443	749
	<u>4,179,704</u>	<u>2,714,830</u>

Note: Initial franchise fee was recognised as revenue over time during the franchise period.

No revenue from individual customer contributing over 10% of total revenue of the Group for the years ended 31 December 2021 and 2020.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

Contracts within the scope of IFRS 15

As at 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB4,751,000 (31 December 2020: RMB2,848,000). This amount represents the customer loyalty scheme and revenue of initial franchise fee expected to be recognised in the future from franchise contracts entered into by the franchisees with the Group. The Group will recognise the expected revenue in future over the remaining contract period, which is expected to occur over the next 12 to 36 months.

(b) Segment Reporting

The Group manages its businesses by restaurant brands. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

- Jiu Mao Jiu: this segment operates restaurants and delivery business offering family-oriented food under Jiu Mao Jiu brand.
- Tai Er: this segment operates restaurants featuring Chinese sauerkraut fish and Sichuan cuisine under Tai Er brand.
- Others: this segment includes restaurants operating in other brands such as Double Eggs, Song, Uncle Chef and Lai Mei Li, as well as franchise business of Double Eggs.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, other non-current financial assets, deferred tax assets and other head office or corporate assets. Segment liabilities include lease liabilities, provisions, trade and other payables and contract liabilities attributable to the restaurant operations activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "Non-GAAP Operating Profit", i.e. revenue deducting (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utilities expenses and (vii) transportation and related expenses under "other expenses".

In addition to receiving segment information concerning Non-GAAP Operating Profit, management is provided with segment information concerning inter segment sales, expense from borrowings managed directly by the segments, net gains/(losses) on restaurants closures, impairment losses and expenses for opening new restaurants used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

	Jiu Mao Jiu		Tai Er		Others		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Reportable segment revenue								
Revenue from external customers	760,462	715,513	3,292,184	1,961,811	127,058	37,506	4,179,704	2,714,830
Reportable segment profit/(loss) (Non-GAAP Operating Profit)	70,707	32,652	684,683	316,990	(1,184)	(1,477)	754,206	348,165
Finance costs	(20,260)	(27,621)	(51,258)	(38,940)	(3,789)	(857)	(75,307)	(67,418)
Gains/(losses) on restaurants closures, net	201	(21,754)	(5,288)	(4,836)	524	808	(4,563)	(25,782)
Impairment losses of property, plant and equipment and right-of-use assets	(11,092)	(10,409)	(4,941)	(9,565)	(2,767)	(3,437)	(18,800)	(23,411)
Expenses for opening new restaurants	(968)	(1,427)	(24,123)	(32,124)	(8,768)	(993)	(33,859)	(34,544)
Reportable segment assets	659,268	251,223	2,528,370	1,741,373	202,353	83,521	3,389,991	2,076,117
Reportable segment liabilities	359,786	288,945	2,381,107	1,561,147	260,809	110,945	3,001,702	1,961,037

(ii) *Reconciliations of reportable segment profit or loss, assets and liabilities*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit		
Reportable segment profit (Non-GAAP Operating Profit)	754,206	348,165
Other revenue	64,236	83,928
Travelling and related expenses	(23,624)	(16,693)
Listing expenses	–	(7,344)
Advertising and promotion expenses	(47,722)	(21,399)
Other expenses (other than “Transportation and related expenses”)	(159,475)	(119,252)
Share of profits/(losses) of associates	984	(8,242)
Other net income/(losses)	11,422	(28,175)
Finance costs	(75,307)	(67,418)
Impairment losses of property, plant and equipment and right-of-use assets	(18,800)	(23,411)
Interest income on subscription monies received from IPO	–	36,449
	<u>505,920</u>	<u>176,608</u>
Assets		
Reportable segment assets	3,389,991	2,076,117
Elimination of inter-segment receivables	(1,242,530)	(594,759)
	2,147,461	1,481,358
Interests in associates	13,085	3,401
Other non-current financial assets	320,602	68,338
Deferred tax assets	82,219	86,753
Unallocated head office and corporate assets	2,571,729	3,166,601
	<u>5,135,096</u>	<u>4,806,451</u>
Liabilities		
Reportable segment liabilities	3,001,702	1,961,037
Elimination of inter-segment payables	(1,242,530)	(594,759)
	1,759,172	1,366,278
Current taxation	38,259	37,165
Deferred tax liabilities	47,204	3,077
Unallocated head office and corporate liabilities	152,865	339,529
	<u>1,997,500</u>	<u>1,746,049</u>

(iii) Geographic information

Analysis of the Group's revenue from external customers as well as analysis of the Group's carrying amount of non-current assets by geographical market has not been presented as over 90% of the Group's revenue and non-current assets are generated and located in the PRC.

3 OTHER REVENUE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income on:		
– bank deposits	4,699	28,202
– rental deposits	1,774	2,496
– others	7,686	1,993
	<u>14,159</u>	<u>32,691</u>
Income from value-added tax super deduction and exemption (<i>note (i)</i>)	43,461	48,172
Government grants (<i>note (ii)</i>)	6,616	3,065
	<u>64,236</u>	<u>83,928</u>

Notes:

- (i) Income from value-added tax super deduction and exemption represented the super deduction and exemption on value-added tax granted by the government authorities in the PRC.
- (ii) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans	537	4,093
Interest on lease liabilities	73,402	61,716
Interest on provisions	1,368	1,393
Other finance charges	–	216
	<u>75,307</u>	<u>67,418</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	1,027,992	733,688
Contributions to defined contribution retirement plan (<i>note(i)</i>)	20,602	6,922
Equity-settled share-based payment expenses	8,274	7,240
	<u>1,056,868</u>	<u>747,850</u>

Note:

- (i) To relieve the difficulties encountered by enterprises due to COVID-19 pandemic, pursuant to related policies consented by the State Council of the PRC, subsidiaries of the Company in PRC were entitled to exempt its contributions to the pension insurance, unemployment insurance, and work injury from February 2020 to December 2020, no such exemption was granted for the year ended 31 December 2021.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(c) Other net (income)/losses		
Losses on disposal of property, plant and equipment and right-of-use assets	2,468	13,029
Losses on rental deposits	2,095	12,753
Gains on reassessment of right-of-use assets	–	(1,726)
Income on COVID-19 rent concessions	(1,345)	(2,000)
Losses on inventories due to COVID-19	–	3,923
Losses on deemed disposal of an associate	–	71
Net foreign exchange (gain)/losses	(17,893)	200
Donations	221	1,200
Net fair value changes of financial assets measured at fair value through profit or loss (“FVPL”)	2,389	–
Gain on disposal of the other non-current financial assets	(601)	–
Others	1,244	725
	<u>(11,422)</u>	<u>28,175</u>
(d) Other expenses		
Auditors’ remuneration		
– audit services	2,600	2,500
– non-audit services	800	1,420
	<u>3,400</u>	<u>3,920</u>
Other external professional service fees	64,409	41,612
Expenses for opening new restaurants	33,859	34,544
Transportation and related expenses	100,339	74,932
Maintenance expenses	9,816	8,444
Bank charges	8,813	4,954
Insurance expenses	2,161	1,750
Business development expenses	5,323	4,082
Office expenses	9,780	10,172
Research and development expenses	1,816	709
Cleaning fees	14,776	5,102
Others	5,322	3,963
	<u>259,814</u>	<u>194,184</u>

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(e) Other items		
Amortisation	3,412	2,215
Depreciation		
– property, plant and equipment	155,730	108,373
– right-of-use assets	342,546	243,044
	<u>498,276</u>	<u>351,417</u>
Impairment losses (<i>note (i)</i>)		
– property, plant and equipment	18,800	9,578
– right-of-use assets	–	13,833
	<u>18,800</u>	<u>23,411</u>
Raw materials and consumables used	1,537,366	1,045,784
Cost of inventories (<i>note (ii)</i>)	1,580,604	1,079,627
Listing expenses	–	7,344
Other rentals and related expenses	96,885	49,810
Interest income on subscription monies received from IPO (<i>note (iii)</i>)	–	(36,449)

Notes:

- (i) “Impairment losses of property, plant and equipment and right-of-use assets” was presented as a separate line item in the consolidated statement of profit or loss of the Company for the years ended 31 December 2021 and 2020.
- (ii) Cost of inventories includes RMB43,238,000 for the year ended 31 December 2021 (for the year ended 31 December 2020: RMB33,843,000), relating to “staff costs”, “depreciation and amortisation expenses”, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.
- (iii) During the year ended 31 December 2020, the interest income of RMB36,449,000 arising from the subscription monies locked-up and subsequently refunded to unsuccessful subscribers during the IPO were credited to profit or loss. Interest income of RMB459,000 arising from gross proceeds locked-up and subsequently transferred to the Company’s share capital and share premium during the IPO were credited to the Company’s share premium.

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Provision for the year		
– PRC income tax	128,802	61,783
– Other jurisdictions	1,157	401
Over-provision in respect of prior years	<u>(376)</u>	<u>(105)</u>
	<u>129,583</u>	<u>62,079</u>
Deferred tax		
Origination and reversal of accumulated tax loss and temporary differences	4,184	(24,689)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	1,212
	<u>4,184</u>	<u>(23,477)</u>
	<u>133,767</u>	<u>38,602</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before taxation	<u>505,920</u>	<u>176,608</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	124,081	31,238
Effect of non-deductible expenses	6,623	3,367
Tax effect of unused tax losses and deductible temporary differences not recognised	7,393	2,553
Tax effect of using the deductible losses and deductible temporary differences not recognised	(145)	–
Over-provision in respect of prior years	(376)	(105)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	1,212
Others	<u>(3,809)</u>	<u>337</u>
Actual tax expense	<u>133,767</u>	<u>38,602</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The subsidiaries in Hong Kong of the Group did not have any other assessable profits for the years ended 31 December 2021 (2020: nil).
- (iii) Taxable income for the subsidiaries of the Company in the PRC are subject to PRC income tax rate of 25% for the years ended 31 December 2021 and 2020, unless otherwise specified below.

Hainan O Ye Catering Co., Ltd., Guangzhou Tai Er Catering Chain Co., Ltd. Hainan Branch, Hainan Tai Er Catering Management Co., Ltd., Mi Liang Ren Liang (Haikou) Supply Chain Co., Ltd. and Haikou Maidian Jiumaojiu Restaurant Management Co., Ltd. met the criteria for enterprises/branches in catering industry established in Hainan Province in the PRC and were entitled to the preferential income tax rate of 15% from 2020 to 2024.

- (iv) The Company’s subsidiaries incorporated overseas, other than Hong Kong and the BVI, are subject to overseas profits tax at 3% to 27% on estimated assessable profit for the years ended 31 December 2021 and 2020.
- (v) According to the Corporate Income Tax Law and its implementation rules, dividends and interest receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The withholding tax rate of 10% was applicable for the Group for the years ended 31 December 2021 and 2020.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2021 is based on the profit attributable to equity shareholders of the Company of RMB339,936,000 (2020: RMB124,063,000) and the weighted average of 1,453,410,000 shares (2020: 1,393,324,000) in issue during the year.

	2021	2020
	<i>Shares</i>	<i>Shares</i>
Issued shares at 1 January*	1,453,410,000	1,000,000,000
Effect of share issuance upon IPO and overallotment	–	363,871,000
Effect of share issuance upon subscription	–	29,453,000
	<hr/>	<hr/>
Weighted average number of shares at 31 December	<u>1,453,410,000</u>	<u>1,393,324,000</u>

- * The number of shares is based on the assumption that the 1,000,000,000 shares (being the number of shares after the subdivision on 15 January 2020) of the Company had been issued before the IPO on 15 January 2020.

(b) Diluted earnings per share

The calculation of diluted earnings per share during the year ended 31 December 2021 is based on the profit attributable to equity shareholders of the Company of RMB339,936,000 and the weighted average of 1,453,970,000 shares, calculated as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Weighted average number of ordinary shares at 31 December	1,453,410,000	1,393,324,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>560,000</u>	<u>–</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u><u>1,453,970,000</u></u>	<u><u>1,393,324,000</u></u>

7 OTHER NON-CURRENT FINANCIAL ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Equity securities designated at fair value through other comprehensive income (“FVOCI”) (non-recycling)		
– Unlisted equity securities (<i>note (a)</i>)	211,354	28,338
– Listed equity securities (<i>note (b)</i>)	18,473	–
Financial assets measured at fair value through profit or loss (“FVPL”)		
– Investments in limited partnership enterprises (<i>note (c)</i>)	29,601	40,000
– Investments in funds (<i>note (d)</i>)	<u>61,174</u>	<u>–</u>
	<u><u>320,602</u></u>	<u><u>68,338</u></u>

Notes:

- (a) The Group held unlisted equity investments in several entities. The entities are incorporated in the PRC and engaged in investing, catering, or food and beverage industry. The Group designated its investments in unlisted equity securities at FVOCI (non-recycling), as the investments are held for strategic purposes. Fair value of each unlisted equity securities is measured by referencing to the latest equity transactions. Otherwise, the costs are used as approximation of fair value if there is no significant change observed.
- (b) The Group held equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group designated its investments in the listed equity securities at FVOCI (non-recycling), as the investments are held for long-term investment purpose. Fair value of the listed equity securities is measured by referencing to the stock price.

- (c) The Group held investments in limited partnership enterprises (the “Partnership Enterprise(s)”). These Partnership Enterprises are specialised in equity investment. The Group has an intention of holding such investments as long-term investments. According to the Partnership Enterprises agreements, the Partnership Enterprises are managed by their general partner. The Group participates in the Partnership Enterprise as one of the limited partners who does not have power on selection nor removal of assets manager or general partner of the Partnership Enterprise. In addition, the Group does not have any right on making operating, investing and financing decision of the Partnership Enterprise. The directors are of the opinion that the Group does not have any control nor significant influence to affect the variable returns through its investment in the Partnership Enterprise and therefore these investments are accounted for at fair value. Fair value of such investments is measured by referencing to the latest investment transactions. Otherwise, the costs are used as approximation of fair value if there is no significant change observed.
- (d) The Group held investments in funds operated by a fund management company. The investments are accounted for at fair value. Since the units in the funds are redeemable at the net asset value of the funds, fair value of such investments is measured according to the net asset value as at 31 December 2021.

8 INVENTORIES

- (a) **Inventories in the consolidated statement of financial position comprise:**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Condiment product	17,203	12,828
Food ingredients	34,919	26,094
Beverage	2,218	1,167
Other materials	16,410	11,005
	<u>70,750</u>	<u>51,094</u>

- (b) **The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Carrying amount of inventories sold	<u>1,580,604</u>	<u>1,079,627</u>

9 TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade debtors	12,223	15,089
Other receivables and deposits	222,238	126,815
Interests receivables	501	2,780
Prepayments	102,476	73,431
Amounts due from related parties	71,520	75,159
	<u>408,958</u>	<u>293,274</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis:

As at the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the revenue recognition date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	<u>12,223</u>	<u>15,089</u>

Trade debtors are due within 30 days from the date of revenue recognition.

10 TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	141,207	137,731
Other payables and accrued charges	212,267	185,930
Amounts due to related parties	12,461	17,470
Consideration payable for acquisition of a subsidiary	–	1,049
Consideration payable for acquisition of non-controlling interests	–	1,500
Dividends payable	3,795	3,880
	<u>369,730</u>	<u>347,560</u>

As at the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	<u>141,207</u>	<u>137,731</u>

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2021		
	No. of shares	Nominal value of fully paid shares USD	Nominal value of fully paid shares RMB equivalent
Ordinary shares, issued and fully paid:			
At 1 January 2021 and 31 December 2021	1,453,410,000	145.34	985

The ordinary share of the Company has a par value of USD0.0000001 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Movements in components of equity

Details of the changes in the Company's individual components of equity are set out below:

The Company

	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non- recycling) RMB'000	(Accumulated losses)/ Retained profits RMB'000	Total RMB'000
At 1 January 2020	1	-	-	-	-	(13,122)	(13,121)
Profit for the year	-	-	-	-	-	50,269	50,269
Other comprehensive income	-	-	-	(164,332)	-	-	(164,332)
Equity settled share-based transactions	-	-	996	-	-	-	996
Issuance of ordinary shares upon IPO and over-allotment, net of issuance costs	.*	2,135,929	-	-	-	-	2,135,929
Issuance of ordinary shares upon subscription, net of issuance costs	.*	748,629	-	-	-	-	748,629
At 31 December 2020 and 1 January 2021	1	2,884,558	996	(164,332)	-	37,147	2,758,370
Profit for the year	-	-	-	-	-	3,459	3,459
Other comprehensive income	-	-	-	(78,226)	(741)	-	(78,967)
Equity settled share-based transactions	-	-	6,507	-	-	-	6,507
Dividends declared in respect of previous year	-	(48,734)	-	-	-	-	(48,734)
At 31 December 2021	1	2,835,824	7,503	(242,558)	(741)	40,606	2,640,635

* The amount represents amount less than RMB1,000.

(c) Nature and purposes of reserves

(i) Capital reserve

Disposal of interests in subsidiary without a change in control

During the year ended 31 December 2020, the Group disposed 20% and 0.1% equity interest of Xi Qin Catering to non-controlling shareholders at consideration of RMB10,000 in aggregate and retain 79.9% equity interests after disposal. The capital reserve of the Group as at 31 December 2021 and 31 December 2020 represented the difference between the consideration obtained and the disposed proportionate interests in identifiable net assets of the above subsidiary.

(ii) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(iii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of RSUs and unexercised share options granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments.

(iv) Statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(v) Exchange reserve

The exchange reserve comprise all foreign exchange differences arising from the translation of the financial information of operations with functional currency other than RMB.

(vi) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) include post-tax accumulated gains or losses arising from the remeasurement of the unlisted equity securities designated at FVOCI (non-recycling).

(vii) Acquisition of non-controlling interests

On 5 September 2021, the Group acquired additional 3% equity interests in Tai Er Catering for RMB300,000,000 and held 88% equity interests of Tai Er Catering in aggregate upon completion of the acquisition. The carrying amount of Tai Er Catering's net assets on the date of the acquisition was RMB451,400,000. The Group recognised a decrease in non-controlling interests of RMB13,542,000 and a decrease in retained earnings of RMB286,458,000.

(d) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend proposed after the end of the year of HKD0.06 per ordinary share (2020: HKD0.02 per ordinary share)	70,968	24,367
No special dividend proposed after the end of the year (2020: HKD0.02 per ordinary share)	—	24,367
	70,968	48,734

Final dividend and special dividend proposed after the end of the year have not been recognised as liabilities as at the end of the year.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year of HKD0.02 per ordinary share (2020: nil)	24,367	—
Special dividend in respect of the previous financial year of HKD0.02 per ordinary share (2020: nil)	24,367	—
	48,734	—

(e) Distributability of reserves

As at 31 December 2021, the aggregate amount of distributable reserves of the Company, calculated in accordance with the Companies Law of the Cayman Islands, amounted to RMB2,640,634,000 (2020: RMB2,758,369,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2021 and 2020. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2021 was 38.9% (31 December 2020: 36.3%).

12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 11(d).

13 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed in 2020.

14 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Group to be GYH J Limited, which is incorporated in the BVI, and the ultimate controlling party of the Company to be Mr. Guan.

15 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING YEAR BEGINNING ON OR AFTER 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2021 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code during the year ended December 31, 2021, except for the deviation from code provision C.2.1 as explained below.

Mr. Guan is our chairman of the Board and chief executive officer. Since the founding of our Group in 2005, Mr. Guan has been responsible for formulating our overall business development strategies and leading our overall operations, and therefore has been instrumental to our growth and business expansion. Mr. Guan's vision and leadership have played a pivotal role in our Group's success and achievements to date, and therefore our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. While this will constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Mr. Guan and the other Directors are aware of and undertake to fulfill their fiduciary duties as directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code during the year ended December 31, 2021.

The Board has also established written guidelines on terms no less exacting than the Model Code (the “**Guidelines**”) for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by the Company’s relevant employees has been noted during the year ended December 31, 2021 after making reasonable enquiry.

Audit Committee and Review of Financial Statements

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Deng Tao (Chairman), Ms. Tang Zhihui and Ms. Zhu Rui (with Mr. Deng Tao possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2021. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Company’s auditor, KPMG, Certified Public Accountants (the “**Auditor**”). Based on this review and discussions with the management and the Auditor, the Audit Committee was satisfied that the Group’s audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended December 31, 2021.

Scope of Work of KPMG

The financial figures in respect of the Group’s consolidated statement of financial position as at December 31, 2021, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been compared by the Auditor, to the amounts set out in the Group’s audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jiumaojiu.com). The annual report of the Company for the year ended December 31, 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, suppliers and customers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for executing the Group's strategies with professionalism, integrity and dedication.

By order of the Board
Jiumaojiu International Holdings Limited
Guan Yihong
Chairman

Hong Kong, March 23, 2022

As at the date of this announcement, the Board comprises Mr. Guan Yihong as chairman and executive director and Mr. Li Zhuoguang, Ms. Cui Longyu and Mr. He Chengxiao as executive directors, and Mr. Deng Tao, Ms. Tang Zhihui and Ms. Zhu Rui as independent non-executive directors.