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NAYUKI

Nayuki Holdings Limited

奈雪的茶控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2150)

BUSINESS UPDATE OPERATIONS FOR THE SECOND QUARTER OF 2022

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rule) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Nayuki Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) hereby announces the operations for the three months ended June 30, 2022 (the “**Quarter**”).

NUMBER OF STORES

During the Quarter, the Group recorded a net addition of 50 *Nayuki* teahouses and closed 15 *Nayuki* teahouses, while 19 regular *Nayuki* teahouses also commenced their transformation to *Nayuki* PRO teahouses. As of June 30, 2022, the Group operated a total of 904 *Nayuki* teahouses.

The following table sets out the breakdown of the number of our *Nayuki* teahouses by geographic location at the end of the Quarter.

	As at June 30, 2022	As at March 31, 2022
Number of regular <i>Nayuki</i> teahouses		
Tier 1 cities	138	145
New Tier 1 cities	139	149
Tier 2 cities	105	118
Other cities ⁽¹⁾	28	28
Total	410	440
	As at June 30, 2022	As at March 31, 2022
Number of Type-I PRO Teahouses		
Tier 1 cities	123	108
New Tier 1 cities	113	101
Tier 2 cities	79	60
Other cities ⁽¹⁾	42	34
Total	357	303
	As at June 30, 2022	As at March 31, 2022
Number of Type-II PRO Teahouses		
Tier 1 cities	48	42
New Tier 1 cities	48	40
Tier 2 cities	25	17
Other cities ⁽¹⁾	16	12
Total	137	111

Note:

(1) Including (i) cities of other tiers across mainland China and (ii) cities outside mainland China.

OPERATIONS FOR THE QUARTER

During the Quarter, the first-tier cities such as Shanghai and Beijing remained affected by the COVID-19 pandemic. Nearly all of the Group's stores in Shanghai were closed at the height of the pandemic. However, even at the severest period, the Group's closed stores on a single day were no more than approximately 15% of the total stores. While proactively complying with Shanghai government's pandemic prevention and control policies and safeguarding the safety of our employees, the Group also launched community group-buying business at some of our stores in Shanghai in the first instance to satisfy the demands of local customers. After the pandemic has subsided in Shanghai, the Group has spared no effort to resume operation and production. As of June 13, 2022, all of the Group's stores in Shanghai have resumed operation. After such resumption, the Group's same-store revenue in Shanghai was restored to approximately 70% of the revenue level before the outbreak of the pandemic in Shanghai. In addition, the Group has actively fulfilled its social responsibility by providing more than 200,000 benefits to Shanghai citizens after the resumption.

Throughout April and during the first half of May 2022, as COVID-19 struck a blow to industries such as food and beverage and retail in mainland China, the consumers' spending willingness was more prudent, resulting in significant pressure on the performance of the Group's stores. However, with the gradual control of COVID-19 in Tier 1 and New Tier 1 cities and China gradually entering summer in temperature from mid-to-late May 2022, coupled with active marketing activities launched by the Group on festivals such as Children's Day and Dragon Boat Festival, the performance of stores witnessed a strong rebound with significant improvement as compared with the first quarter and flat same-store order volume in June as compared with the same period last year.

The Group continued promoting digital management to improve the quality and efficiency by using both software and hardware in the Quarter. The labor cost rate of the Group's stores has recorded significant improvement as compared with previous quarter. The Group's self-developed automated tea-making equipment has been put into use in nearly 200 stores across the country and is scheduled to be available in all stores nationwide by the end of September 2022. Meanwhile, the Group accelerated the adoption of software systems such as automatic ordering and procurement in stores to further improve the efficiency and standard of store operation and management.

During the Quarter, the Group launched several drinks that are well received by consumers, such as Supreme Bayberry, Supreme Lychee and Supreme 1-Litre Peach, among which Supreme 1-Litre Peach has maintained high popularity and sales volume with its outstanding taste and high cost performance. The Group has fulfilled its commitment to launch products in the price range of below RMB20 every month. With the increase in the proportion of products in the low-price range, the average customer unit price declined to a certain extent in the first half of the year, but the order volume gradually recovered. In addition, the Group's retail business is progressing steadily and has gradually gained its position in dozens of cities in provinces of South China, Central China, East China and North China.

The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board. It has not been audited nor reviewed by the independent auditors of the Company and/or the audit committee of the Company, and may be subject to further adjustments. This announcement contains certain forward looking statements (the “Forward Looking Statements”) in relation to financial conditions, results of operation and business of the Group. The Forward Looking Statements are made based on the preliminary assessment of information currently available to the Board, and therefore the actual future results or performance of the Group may differ materially from the Forward Looking Statements. Shareholders of the Company and potential investors shall consider carefully the related risk factors and should not place undue reliance on the Forward Looking Statements. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Nayuki Holdings Limited
Mr. ZHAO Lin
Chairman

Shenzhen, July 8, 2022

As at the date of this announcement, the Board of the Company comprises Mr. ZHAO Lin, Ms. PENG Xin and Mr. DENG Bin as executive directors; Mr. PAN Pan and Mr. WONG Tak-wai as non-executive directors; and Mr. CHEN Qunsheng, Mr. LIU Yiwei and Ms. ZHANG Rui as independent non-executive directors.