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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Jiumaojiu International Holdings Limited (九毛九国际控股有限公司) (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended June 30, 2022, together with comparative figures for the six months ended June 30, 2021.

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

## KEY FINANCIAL HIGHLIGHTS

For the six months ended  
June 30,

	<u>2022</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue . . . . .	<b>1,899,021</b>	2,021,485
Store level operating profit <sup>(1)</sup> . . . . .	<b>278,167</b>	404,762
Profit before taxation . . . . .	<b>95,504</b>	276,755
Profit for the period . . . . .	<b>62,503</b>	205,158
Profit for the period attributable to equity shareholders of the Company . . . . .	<b>57,700</b>	186,038
Adjusted net profit <sup>(2)</sup> . . . . .	<b>69,095</b>	208,352

*Notes:*

- (1) We define store level operating profit as revenue for the period 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, excluding unallocated head office and corporate expenses.
- (2) We define adjusted net profit as profit for the period adding equity-settled share-based payment expenses, which are non-recurring charges.

## KEY OPERATIONAL HIGHLIGHTS

As of/for the six months ended  
June 30,

	2022	2021
<b>Number of restaurants<sup>(1)</sup></b> .....	<b>475</b>	419
<b>Seat turnover rate<sup>(2)</sup></b>		
Jiu Mao Jiu .....	<b>1.8</b>	1.8
Tai Er .....	<b>2.9</b>	3.7
<b>Average spending per customer (RMB)<sup>(3)</sup></b>		
Jiu Mao Jiu .....	<b>58</b>	59
Tai Er .....	<b>78</b>	79
<b>Same store sales (RMB'000)<sup>(4)</sup></b>		
Jiu Mao Jiu .....	<b>267,466</b>	295,988
Tai Er .....	<b>954,552</b>	1,243,170
<b>Same store sales growth (%)</b>		
Jiu Mao Jiu .....	<b>(9.6)</b>	
Tai Er .....	<b>(23.2)</b>	

*Notes:*

- (1) All restaurants are self-operated restaurants.
- (2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the period.
- (3) Calculated by dividing revenue for the period by total customer traffic for the period.
- (4) Same store sales for the period refers to the revenue of all restaurants that qualified as same stores during that period. We define our same store base to be those restaurants that opened for at least 150 days during the period.

## **BUSINESS REVIEW AND OUTLOOK**

### **Overview**

In the first half of 2022, 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**”). Despite the impact of the reemergence of the novel coronavirus COVID-19 (the “**Pandemic**”) in several provinces in the PRC, we continued to expand our restaurant network. In the first half of 2022, we opened 37 new restaurants, comprising 35 Tai Er restaurants and two Song Chongqing Hot Pot Factory restaurants. As of June 30, 2022, we had 475 self-operated restaurants, covering 93 cities in the PRC, one city in Canada and one city in Singapore.

We strived to maintain an optimal portfolio of restaurant brands and focus on brands which we believe to have greater growth potential. To this end, we disposed the Double Eggs brand in June 2022 taking into account its future growth potential. We will continue to devote more resources to our newly developed Song Chongqing Hot Pot Factory brand and Lai Mei Li brand.

In view of the continuing impact of the Pandemic, our revenue decreased by 6.1% from RMB2,021.5 million for the six months ended June 30, 2021 to RMB1,899.0 million for the six months ended June 30, 2022, and our profit decreased by 69.5% from RMB205.2 million for the six months ended June 30, 2021 to RMB62.5 million for the six months ended June 30, 2022.

## **The Impact of the Pandemic**

Due to the regional outbreaks of COVID-19 and lock down in several provinces in the PRC, especially Guangdong, Shanghai, Beijing and Jiangsu, over 60% of our restaurants, including restaurants located in tier-one and tier-two cities, experienced temporary suspension or restriction of dine-in services for varying duration for an average of approximately 32 days in the first half of 2022. The estimated loss of revenue resulted from the temporary suspension of our restaurant operations or dine-in services in the first half of 2022 amounted to approximately RMB590.9 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 result in continuing adverse effect on our results of operations, cash flows and financial condition going forward. The extent to which our operations may 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.”

## 2022 Interim Business and Financial Performance Review

### *Restaurant network*

In the first half of 2022, we opened 37 new restaurants, which comprise 35 Tai Er restaurants and two Song Chongqing Hot Pot Factory restaurants. Eight self-operated restaurants were closed in the first half of 2022, among which seven were closed due to the termination of the relevant lease agreements and one was closed due to its underperformance based on our evaluation. In addition, seven self-operated Double Eggs restaurants and 15 franchised Double Eggs restaurants were removed from our restaurant network following the disposal of our Double Eggs brand in June 2022. See “– Material Acquisitions, Disposals and Future Plans for Major Investment” for details.

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

	As of June 30,	
	2022	2021
<b>Number of restaurants</b>		
Jiu Mao Jiu . . . . .	77	91
Tai Er . . . . .	384	286
Song Chongqing Hot Pot Factory . . . . .	11	3
Uncle Chef . . . . .	1	1
Lai Mei Li . . . . .	2	–
Song (cold pot skewers) . . . . .	–	1
Double Eggs (self-operated) . . . . .	–	11
Double Eggs (franchised) . . . . .	–	26
<b>Total</b> . . . . .	<b>475</b>	<b>419</b>

## ***Restaurant performance***

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue (RMB'000)</b>		
Jiu Mao Jiu . . . . .	<b>311,961</b>	380,112
Tai Er . . . . .	<b>1,481,439</b>	1,600,495
Song Chongqing Hot Pot Factory . . . . .	<b>81,573</b>	17,498
Uncle Chef . . . . .	<b>6,460</b>	5,869
Lai Mei Li . . . . .	<b>6,160</b>	–
Song (cold pot skewers) . . . . .	–	1,083
Double Eggs (self-operated) . . . . .	<b>3,826</b>	6,612
Double Eggs (franchised) <sup>(1)</sup> . . . . .	<b>4,963</b>	10,105
<b>Seat turnover rate<sup>(2)</sup></b>		
Jiu Mao Jiu . . . . .	<b>1.8</b>	1.8
Tai Er . . . . .	<b>2.9</b>	3.7
Song Chongqing Hot Pot Factory . . . . .	<b>2.4</b>	2.2
Uncle Chef . . . . .	<b>1.7</b>	1.6
Lai Mei Li . . . . .	<b>2.2</b>	–
<b>Average spending per customer<sup>(3)</sup> (RMB)</b>		
Jiu Mao Jiu . . . . .	<b>58</b>	59
Tai Er . . . . .	<b>78</b>	79
Song Chongqing Hot Pot Factory . . . . .	<b>130</b>	125
Uncle Chef . . . . .	<b>147</b>	144
Lai Mei Li . . . . .	<b>84</b>	–

*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 relevant franchise agreements.
- (2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the period.
- (3) Calculated by dividing revenue for the period by total customer traffic for the period.

Restaurant performance of our restaurants experienced varying level of interferences due to the resurgence of the Pandemic in the first half of 2022. Revenue contribution from Jiu Mao Jiu restaurants and Tai Er restaurants decreased by 17.9% and 7.4% respectively as an impact of the Pandemic. Moreover, the seat turnover rate of Tai Er restaurants also decreased in the first half of 2022 primarily due to the decrease in customer traffic as a result of the Pandemic. On the other hand, revenue from Song Chongqing Hot Pot Factory increased significantly from RMB17.5 million for the six months ended June 30, 2021 to RMB81.6 million for the same period in 2022 primarily attributable to (i) revenue contribution of the new Song Chongqing Hot Pot Factory restaurants opened in the second half of 2021, and (ii) the increasing popularity of this brand, leading to an increase in its seat turnover rate from 2.2 for the six months ended June 30, 2021 to 2.4 for the same period in 2022.



## Same store sales

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

	For the six months ended	
	June 30,	
	2022	2021
<b>Number of same store<sup>(1)</sup></b>		
Jiu Mao Jiu . . . . .	71	
Tai Er . . . . .	210	
Song Chongqing Hot Pot Factory . . . . .	2	
Uncle Chef . . . . .	1	
<b>Same store sales<sup>(2)</sup> (RMB'000)</b>		
Jiu Mao Jiu . . . . .	267,466	295,988
Tai Er . . . . .	954,552	1,243,170
Song Chongqing Hot Pot Factory . . . . .	20,289	17,086
Uncle Chef . . . . .	6,460	5,869
<b>Same store sales growth (%)</b>		
Jiu Mao Jiu . . . . .	(9.6)	
Tai Er . . . . .	(23.2)	
Song Chongqing Hot Pot Factory . . . . .	18.7	
Uncle Chef . . . . .	10.1	

### Notes:

- (1) We define our same store base to be those restaurants that opened for at least 150 days in the first half of both 2021 and 2022.
- (2) Same store sales for the period refer to the revenue of all restaurants that qualified as same stores during that period.
- (3) Comparative figures of same store sales for the six months ended June 30, 2020 and 2021 are not available given that none of our restaurants opened for at least 150 days during the six months ended June 30, 2020 due to the Pandemic.

## Outlook

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 have fulfilled our restaurant network expansion plan for Tai Er as set out in the prospectus (the “**Prospectus**”) of the Company dated December 30, 2019, while adopting a moderate approach in the timeframe of our restaurant network expansion plan for other brands. Taking into account the future growth potential of the Double Eggs brand, we disposed the Double Eggs brand in the first half of 2022 in order to maintain an optimal portfolio of restaurant brands and focus on brands which we believe to have greater growth potential.
- ***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 centers in Southern China and Northern China respectively to enhance our supply chain capabilities in support of our future expansion plan. The construction of our new supply chain center in Northern China will be funded by our internal financial resources and is expected to be completed by 2024. 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.*** We currently operate Tai Er restaurants in Canada and 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 and cities with high population of Chinese people, such as North America, Southeast Asia and other Chinese communities, for our future expansion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

Our revenue decreased by 6.1% from RMB2,021.5 million for the six months ended June 30, 2021 to RMB1,899.0 million for the same period in 2022.

### 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 periods indicated:

	For the six months ended June 30,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Jiu Mao Jiu . . . . .	<b>312,166</b>	<b>16.5</b>	381,687	18.9
Tai Er . . . . .	<b>1,485,617</b>	<b>78.2</b>	1,602,726	79.3
Others . . . . .	<b>101,238</b>	<b>5.3</b>	37,072	1.8
<b>Total</b> . . . . .	<b><u>1,899,021</u></b>	<b><u>100.0</u></b>	<b><u>2,021,485</u></b>	<b><u>100.0</u></b>

Our revenue from Jiu Mao Jiu decreased by 18.2% from RMB381.7 million for the six months ended June 30, 2021 to RMB312.2 million for the same period in 2022, primarily due to a decrease in the number of Jiu Mao Jiu restaurants from 91 as of June 30, 2021 to 77 as of June 30, 2022. Our revenue from Jiu Mao Jiu as a percentage of total revenue decreased from 18.9% for the six months ended June 30, 2021 to 16.5% for the same period in 2022, primarily due to the expansion of our other brands.

Our revenue from Tai Er decreased by 7.3% from RMB1,602.7 million for the six months ended June 30, 2021 to RMB1,485.6 million for the same period in 2022, primarily due to a decrease in overall customer traffic attributable to the reemergence of the Pandemic in several provinces in the PRC. The seat turnover rate of Tai Er restaurants decreased from 3.7 times per day for the six months ended June 30, 2021 to 2.9 times per day for the same period in 2022. As a result, our revenue from Tai Er as a percentage of total revenue decreased from 79.3% for the six months ended June 30, 2021 to 78.2% for the same period in 2022.

Our revenue from other brands increased by 173.1% from RMB37.1 million for the six months ended June 30, 2021 to RMB101.2 million for the same period in 2022, primarily due to the restaurant network expansion of Song Chongqing Hot Pot Factory and Lai Mei Li, the restaurant count of which increased by eight and two from June 30, 2021 to June 30, 2022, respectively. As a result, revenue from other brands as a percentage of total revenue increased from 1.8% for the six months ended June 30, 2021 to 5.3% for the same period in 2022.

## 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 before the disposal of our Double Eggs brand and management and operation of Machang Restaurant before its deregistration. The following table sets forth a breakdown of our revenue from each service line for the periods indicated:

	For the six months ended June 30,			
	2022		2021	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Restaurant operations . . . . .	1,534,557	80.8	1,703,797	84.3
Delivery business . . . . .	356,182	18.7	302,489	15.0
Sales of specialities. . . . .	957	0.1	5,408	0.3
Others <sup>(1)</sup> . . . . .	7,325	0.4	9,791	0.4
<b>Total</b> . . . . .	<b>1,899,021</b>	<b>100.0</b>	<b>2,021,485</b>	<b>100.0</b>

Note:

- (1) The Group no longer generated revenue from franchising following the disposal of Guangzhou Double Eggs Catering Co., Ltd. See “– Material Acquisitions, Disposals and Future Plans for Major Investment” for details.

Revenue from restaurant operations decreased by 9.9% from RMB1,703.8 million for the six months ended June 30, 2021 to RMB1,534.6 million for the same period in 2022, primarily due to the reemergence of the Pandemic in several provinces in the PRC, leading to the decrease in total restaurant operation days in the first half of 2022. As a result, revenue from restaurant operations as a percentage of total revenue decreased from 84.3% for the six months ended June 30, 2021 to 80.8% for the same period in 2022.

Revenue from delivery business increased by 17.8% from RMB302.5 million for the six months ended June 30, 2021 to RMB356.2 million for the same period in 2022, primarily due to the increased customer demand on delivery services in view of the reemergence of the Pandemic. As a result, revenue from our delivery business as a percentage of total revenue increased from 15.0% for the six months ended June 30, 2021 to 18.7% for the same period in 2022.

Revenue from sales of specialities decreased by 82.3% from RMB5.4 million for the six months ended June 30, 2021 to RMB1.0 million for the same period in 2022, primarily due to the decrease in overall customer traffic as a result of the reemergence of the Pandemic. Revenue from sales of specialities as a percentage of total revenue decreased from 0.3% for the six months ended June 30, 2021 to 0.1% for the same period in 2022.

Revenue from others decreased by 25.2% from RMB9.8 million for the six months ended June 30, 2021 to RMB7.3 million for the same period in 2022, primarily due to the decrease in revenue generated from the franchised Double Eggs restaurants. Revenue from others as a percentage of total revenue remained relatively stable at 0.4% and 0.4% for the six months ended June 30, 2021 and 2022, respectively.

## **Other Revenue**

Our other revenue decreased by 15.1% from RMB29.8 million for the six months ended June 30, 2021 to RMB25.3 million for the same period in 2022, primarily due to (i) a decrease in income from value-added tax exemption which was one-off in nature, partially offset by (ii) an increase in government grants.

## **Raw Materials and Consumables Used**

Our raw materials and consumables used decreased by 11.7% from RMB751.2 million for the six months ended June 30, 2021 to RMB663.7 million for the same period in 2022 in line with the decrease in revenue as a result of the reemergence of the Pandemic. Our raw materials and consumables used as a percentage of revenue decreased from 37.2% for the six months ended June 30, 2021 to 34.9% for the same period in 2022, primarily due to the decrease in procurement cost of our raw materials.

## **Staff Costs**

Our staff costs increased by 7.4% from RMB506.4 million for the six months ended June 30, 2021 to RMB543.9 million for the same period in 2022, primarily due to the increase in the number of our store level employees arising from the expansion of our restaurant network. Our staff costs as a percentage of revenue increased from 25.1% for the six months ended June 30, 2021 to 28.6% for the same period in 2022, primarily due to the decrease in total revenue as a result of the reemergence of the Pandemic.

## **Depreciation of Right-of-use Assets**

Depreciation of right-of-use assets increased by 18.9% from RMB161.4 million for the six months ended June 30, 2021 to RMB191.9 million for the same period in 2022, primarily due to the increase in the number of our restaurants. Depreciation of right-of-use assets as a percentage of revenue increased from 8.0% for the six months ended June 30, 2021 to 10.1% for the same period in 2022, primarily due to the decrease in total revenue as a result of the reemergence of the Pandemic.

## **Other Rentals and Related Expenses**

Our other rentals and related expenses decreased by 15.0% from RMB50.4 million for the six months ended June 30, 2021 to RMB42.8 million for the same period in 2022, primarily due to the decrease in variable rent payment as a result of the decrease in revenue attributable to the reemergence of the Pandemic. Our other rentals and related expenses as a percentage of revenue remained relatively stable at 2.5% and 2.3% for the six months ended June 30, 2021 and 2022, respectively.

## **Depreciation and Amortization of Other Assets**

Depreciation and amortization of other assets increased by 32.1% from RMB70.8 million for the six months ended June 30, 2021 to RMB93.5 million for the same period in 2022, primarily due to the increase in restaurant decoration expenditures and purchases of kitchen and other equipment along with our restaurant network expansion. Depreciation and amortization of other assets as a percentage of revenue increased from 3.5% for the six months ended June 30, 2021 to 4.9% for the same period in 2022, primarily due to the decrease in total revenue as a result of the reemergence of the Pandemic.

## **Utilities Expenses**

Our utilities expenses increased by 3.6% from RMB64.5 million for the six months ended June 30, 2021 to RMB66.8 million for the same period in 2022, primarily due to the expansion of our restaurant network, especially the expansion of our Song Chongqing Hot Pot Factory and Lai Mei Li restaurants which have higher power consumption compared with our other brands. Our utilities expenses as a percentage of revenue increased slightly from 3.2% for the six months ended June 30, 2021 to 3.5% for the same period in 2022, primarily due to the decrease in total revenue as a result of the reemergence of the Pandemic.

## **Travelling and Related Expenses**

Our travelling and related expenses decreased by 8.4% from RMB10.0 million for the six months ended June 30, 2021 to RMB9.2 million for the same period in 2022, primarily due to the reduced business trips as affected by the reemergence of the Pandemic in several provinces in the PRC. Our travelling and related expenses as a percentage of revenue remained relatively stable at 0.5% for both the six months ended June 30, 2021 and 2022.

## **Advertising and Promotion Expenses**

Our advertising and promotion expenses increased by 38.8% from RMB16.8 million for the six months ended June 30, 2021 to RMB23.3 million for the same period in 2022, primarily due to an increase in ad placement. As a result, our advertising and promotion expenses as a percentage of revenue increased slightly from 0.8% for the six months ended June 30, 2021 to 1.2% for the same period in 2022.

## **Other Expenses**

Our other expenses increased by 16.1% from RMB107.9 million for the six months ended June 30, 2021 to RMB125.3 million for the same period in 2022, primarily due to (i) an increase in delivery service fees in line with the growth of our delivery service business and (ii) an increase in transportation and related expenses along with our restaurant network expansion.

### **Share of (Losses)/Profits of Associates**

We incurred share of losses of associates of RMB2.2 million for the six months ended June 30, 2022, while recognized share of profits of associates of RMB1.3 million for the same period in 2021, primarily because the associates we invested in incurred losses in the first half of 2022.

### **Other Net (Losses)/Income**

We incurred other net losses of RMB27.0 million for the six months ended June 30, 2022, while we recognized other net income of RMB0.1 million for the six months ended June 30, 2021, primarily because we incurred foreign exchange losses of approximately RMB22.8 million in the first half of 2022.

### **Finance Costs**

Our finance costs increased by 7.3% from RMB36.5 million for the six months ended June 30, 2021 to RMB39.2 million for the same period in 2022, primarily due to an increase in interest on lease liabilities 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 expenses decreased by 53.9% from RMB71.6 million for the six months ended June 30, 2021 to RMB33.0 million for the same period in 2022, primarily due to the decrease in taxable income.

### **Profit for the Period**

As a result of the foregoing, our profit decreased by 69.5% from RMB205.2 million for the six months ended June 30, 2021 to RMB62.5 million for the same period in 2022.

### **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 of the Company (the “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, excluding unallocated head office and corporate expenses. The following table illustrates our store level operating profit and store level operating profit margin by brands for the periods indicated:

	<b>For the six months ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Operating Profit</b>	<b>Operating Profit Margin</b>	<b>Operating Profit</b>	<b>Operating Profit Margin</b>
	<b>RMB'000</b>	<b>(%)</b>	<b>RMB'000</b>	<b>(%)</b>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Jiu Mao Jiu . . . . .	<b>36,563</b>	<b>11.7</b>	29,627	7.8
Tai Er . . . . .	<b>244,463</b>	<b>16.5</b>	375,445	23.4
Other brands . . . . .	<b>(2,859)</b>	<b>(2.8)</b>	(310)	(0.8)
<b>Total</b> . . . . .	<b><u>278,167</u></b>	<b><u>14.6</u></b>	<b><u>404,762</u></b>	<b><u>20.0</u></b>

### ***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. 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 period adding equity-settled share-based payment expenses, which are non-recurring charges. The following table illustrates a reconciliation from profit for the period to adjusted net profit for the periods indicated:

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<u>2022</u>	<u>2021</u>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<i><b>(Unaudited)</b></i>	<i><b>(Unaudited)</b></i>
Profit for the period . . . . .	<b>62,503</b>	205,158
Add:		
Equity-settled share-based payment expenses . . . . .	<b>6,592</b>	3,194
<b>Adjusted net profit</b> . . . . .	<b>69,095</b>	208,352
Revenue . . . . .	<b>1,899,021</b>	2,021,485
<b>Adjusted net profit margin (%)</b> . . . . .	<b>3.6</b>	10.3

### 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 set forth a breakdown of our inventories as of the dates indicated:

	<b>As of</b>	<b>As of</b>
	<b>June 30,</b>	<b>December 31,</b>
	<u>2022</u>	<u>2021</u>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<i><b>(Unaudited)</b></i>	
Food ingredients . . . . .	<b>37,036</b>	34,919
Condiment product . . . . .	<b>22,775</b>	17,203
Beverage . . . . .	<b>3,796</b>	2,218
Other materials . . . . .	<b>14,435</b>	16,410
<b>Total</b> . . . . .	<b>78,042</b>	70,750

Our inventories increased by 10.3% from RMB70.8 million as of December 31, 2021 to RMB78.0 million as of June 30, 2022 in line with the expansion of our restaurant network.

Our inventory turnover days for the year ended December 31, 2021 and for the six months ended June 30, 2022, being the average of the beginning and ending balances of inventories for that year/period divided by raw materials and consumables used for the same year/period and multiplied by the number of days in that year/period, was 14.5 days and 20.2 days, respectively. The increase in our inventory turnover days was primarily because the consumption of inventories was slowed down as our restaurant operations were adversely affected by the reemergence of 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, decreased by 1.7% from RMB1,444.1 million as of December 31, 2021 to RMB1,419.1 million as of June 30, 2022, primarily due to (i) the depreciation of our right-of-use assets, partially offset by (ii) an increase in the number of our 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 platform, 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 increased by 89.9% from RMB12.2 million as of December 31, 2021 to RMB23.2 million as of June 30, 2022, primarily due to the expansion of our restaurant network. As a result, our trade debtors turnover days, being the average of the beginning and ending balances of trade debtors for that year/period divided by revenue for the same year/period and multiplied by the number of days in that year/period, increased slightly from 1.2 days for the year ended December 31, 2021 to 1.7 days for the six months ended June 30, 2022.

## **Trade Payables**

Our trade payables primarily consisted of payables to our suppliers. Our trade payables remained relatively stable at RMB141.2 million as of December 31, 2021 and RMB139.3 million as of June 30, 2022, respectively. Our trade payables turnover days, being the average of the beginning and ending balances of trade payables for that year/period divided by raw materials and consumables used for the same year/period and multiplied by the number of days in that year/period, increased from 33.1 days for the year ended December 31, 2021 to 38.0 days for the six months ended June 30, 2022, primarily due to the delay in settling certain purchases as a result of the impact of the Pandemic.

## **Capital Structure**

Our total assets decreased from RMB5,135.1 million as of December 31, 2021 to RMB5,027.3 million as of June 30, 2022. Our total liabilities decreased from RMB1,997.5 million as of December 31, 2021 to RMB1,968.3 million as of June 30, 2022. Liabilities-to-assets ratio increased from 38.9% as of December 31, 2021 to 39.2% as of June 30, 2022.

The current ratio, being current assets divided by current liabilities as of the respective dates, decreased from 3.18 as of December 31, 2021 to 3.05 as of June 30, 2022.

## **Liquidity, Capital Resources and Gearing**

The Group adopts a prudent funding and treasury policy with a view to optimize our financial position. We regularly monitor our funding requirements to support our business operations and perform ongoing liquidity review. For the six months ended June 30, 2022, we financed our operations primarily through cash generated from operations, proceeds from the global offering (the “**Global Offering**”) of the Company’s shares (the “**Shares**”) in connection with the listing (the “**Listing**”) of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on January 15, 2020 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, Hong Kong dollars or U.S. dollars to make borrowings and loans and to hold cash and cash equivalents. We primarily utilized our cash on procurement of food ingredients, consumables and equipment, and restaurant renovations. Our cash and cash equivalents increased by 37.5% from RMB1,342.1 million as of December 31, 2021 to RMB1,845.2 million as of June 30, 2022, primarily attributable to (i) net cash generated from operating activities and (ii) withdrawal of deposits with banks with original maturity date over three months.

Our gearing ratio, being interest-bearing bank loans divided by total equity as of the respective dates and multiplied by 100%, increased from nil as of December 31, 2021 to 0.7% as of June 30, 2022, primarily due to the bank loans of RMB20.0 million obtained during the six months ended June 30, 2022.

### **Capital Expenditures**

Our capital expenditures, which refer 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 decreased by 23.1% from RMB160.2 million for the six months ended June 30, 2021 to RMB123.2 million for the same period in 2022.

### **Indebtedness**

#### ***Bank Loans***

As of June 30, 2022, the Group’s outstanding bank loans amounted to RMB20.0 million (as of December 31, 2021: nil), all of which were with fixed interest rates. As of June 30, 2022, banking facilities of the Group amounted to RMB80.0 million (as of December 31, 2021: RMB60.0 million) and RMB20.0 million was utilized (as of December 31, 2021: nil).

#### ***Lease Liabilities***

Our lease liabilities decreased by 0.8% from RMB1,504.8 million as of December 31, 2021 to RMB1,492.4 million as of June 30, 2022, primarily due to the relatively fewer restaurants opened in the first half of 2022 and rental payments of existing leases.

## **Contingent Liabilities**

As of June 30, 2022, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on the Group's business, financial condition or results of operations.

## **Pledge of Assets**

As of June 30, 2022, bank deposits of RMB747,000 was restricted by the relevant court for a contractual dispute.

Save as disclosed above, as of June 30, 2022, the Group did not have any pledge on its assets.

## **Significant Events After the Reporting Period**

There are no material events subsequent to June 30, 2022 which could have a material impact on the Group's 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 transaction denominated and settled in Renminbi. 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, Disposals and Future Plans for Major Investment**

On June 17, 2022, Guangzhou Pin Xin Yue Gu Enterprise Management Co., Ltd. ("**Pin Xin Yue Gu**", an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Ms. Chen Rui who is an independent third party, in relation to the disposal (the "**Disposal**") of 80.85% equity interest in Guangzhou Double Eggs Catering Co., Ltd. (the "**Disposal Company**", an indirect non-wholly owned subsidiary of the Company prior to the Disposal) by Pin Xin Yue Gu to Ms. Chen Rui at a consideration of RMB509,400. After the completion of the Disposal on June 21, 2022, the Group ceased to hold any interest in the Disposal Company, and accordingly, the financial results of the Disposal Company were no longer be consolidated into the Group's financial statements. As all the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect of the Disposal are below 5%, the Disposal is not a notifiable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated June 17, 2022.

Save as disclosed above, during the six months ended June 30, 2022, the Group did not conduct any material investments, acquisitions or disposals of subsidiaries, associates and joint ventures. 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.

### **Interim Dividend**

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil).

### **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 June 30, 2022, the Group had a total of 16,440 employees, substantially all of whom were based in the PRC. For the six months ended June 30, 2022, we incurred staff costs of RMB543.9 million.

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**

Since the publication of the Group’s annual report for the year ended December 31, 2021 on April 25, 2022, there has been no material change to the Group’s business.

## Use of Proceeds

### *Use of Proceeds from the Global Offering*

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<sup>(1)</sup>:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering (In HKD millions)	Percentage of used amount as of August 15, 2022 (%)	Percentage of unused balance as of August 15, 2022 (%)	Timeframe for the unused balance
Expand our restaurant network . . . . .	77.4	1,837.9 <sup>(2)</sup>	59.2	40.8	By the end of 2024 <sup>(3)</sup>
Further strengthen the supply and support capabilities for our restaurants and enhance our centralized procurement system. . . . .	5.6	133.7	96.5	3.5	By the end of 2023
Construct and establish a supply chain center in Southern China by 2023 . . . . .	3.2	76.4	93.9	6.1	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	–	–
<b>Total . . . . .</b>	<b>100.0</b>	<b>2,372.9</b>	<b>68.2</b>	<b>31.8</b>	<b>By the end of 2024</b>

*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 HKD750.4 million for the expansion of our restaurant network, including opening of new restaurants and the renovation of existing restaurants, as of August 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 (In HKD millions)	Percentage of used amount as of August 15, 2022 (%)	Percentage of unused balance as of August 15, 2022 (%)	Timeframe for the unused balance
Invest in suppliers for key raw material . . . . .	55.0	456.5	36.3	63.7	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
<b>Total . . . . .</b>	<b>100.0</b>	<b>830.0</b>	<b>60.4</b>	<b>39.6</b>	<b>By the end of 2026</b>

*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 June 30, 2022, the remaining life of the Share Option Scheme is approximately seven years and five months.

The table below sets out the details of share options granted and outstanding during the period from January 1, 2022 to June 30, 2022 under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2022	Granted during the period	Date of grant	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at June 30, 2022	Exercise price (HKD per Share)	Exercise period
<b>Directors</b>									
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
<b>Employees of the Group</b>									
Employees of the Group . . . . .	834,700	-	Oct 28, 2020	(182,900)	-	(27,800)	624,000	17.98	Oct 28, 2021 – Oct 27, 2023
	2,547,500	-	Oct 29, 2021	-	-	(106,100)	2,441,400	20.24	Oct 29, 2022 – Oct 28, 2024
<b>Total . . . . .</b>	<b><u>5,327,200</u></b>	<b><u>-</u></b>		<b><u>(472,100)</u></b>	<b><u>-</u></b>	<b><u>(133,900)</u></b>	<b><u>4,721,200</u></b>		

As of June 30, 2022, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 4,721,200, representing 0.32% 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 128,146,700, 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 six months ended 30 June 2022 – unaudited**(Expressed in Renminbi)*

	Note	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Revenue	3	1,899,021	2,021,485
Other revenue		25,271	29,776
Raw materials and consumables used		(663,688)	(751,224)
Staff costs		(543,906)	(506,388)
Depreciation of right-of-use assets		(191,925)	(161,351)
Other rentals and related expenses		(42,832)	(50,399)
Depreciation and amortisation of other assets		(93,495)	(70,753)
Utilities expenses		(66,825)	(64,511)
Travelling and related expenses		(9,182)	(10,020)
Advertising and promotion expenses		(23,269)	(16,765)
Other expenses		(125,286)	(107,898)
Share of (losses)/profits of associates		(2,162)	1,282
Other net (losses)/income		(27,001)	54
Finance costs		(39,217)	(36,533)
<b>Profit before taxation</b>		<b>95,504</b>	276,755
Income tax	5	(33,001)	(71,597)
<b>Profit for the period</b>		<b>62,503</b>	205,158
<b>Attributable to:</b>			
Equity shareholders of the Company		57,700	186,038
Non-controlling interests		4,803	19,120
<b>Profit for the period</b>		<b>62,503</b>	205,158
<b>Earnings per share</b>			
Basic	6	0.04	0.13
Diluted	6	0.04	0.13

Details of dividends payable to equity shareholders of the Company are set out in note 11(a).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>62,503</b>	205,158
<b>Other comprehensive income for the period:</b>		
<i>Item 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)	(142,251)	142,943
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Mainland China	94,809	(27,552)
<b>Other comprehensive income for the period</b>	<b>(47,442)</b>	115,391
<b>Total comprehensive income for the period</b>	<b>15,061</b>	320,549
<b>Attributable to:</b>		
Equity shareholders of the Company	10,258	301,429
Non-controlling interests	4,803	19,120
<b>Total comprehensive income for the period</b>	<b>15,061</b>	320,549

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 – unaudited

(Expressed in Renminbi)

		At 30 June 2022	At 31 December 2021
	<i>Note</i>	<u>RMB'000</u>	<u>RMB'000</u>
<b>Non-current assets</b>			
Property, plant and equipment		589,422	572,178
Right-of-use assets		1,419,073	1,444,128
Intangible assets		21,463	18,389
Interest in associates		10,924	13,085
Other non-current financial assets		131,832	320,602
Deferred tax assets		91,110	82,219
Rental deposits		80,782	75,599
Prepayments		60,037	49,466
		<u>2,404,643</u>	<u>2,575,666</u>
<b>Current assets</b>			
Inventories		78,042	70,750
Trade and other receivables	7	477,207	408,958
Restricted bank deposits	8	747	1,792
Deposits with banks with original maturity date over three months	8	221,476	735,840
Cash and cash equivalents	8	1,845,171	1,342,090
		<u>2,622,643</u>	<u>2,559,430</u>
<b>Current liabilities</b>			
Trade and other payables	9	384,826	369,730
Contract liabilities		5,702	5,871
Lease liabilities		418,503	390,685
Bank loans		20,000	–
Current taxation		30,884	38,259
		<u>859,915</u>	<u>804,545</u>
<b>Net current assets</b>		<u>1,762,728</u>	<u>1,754,885</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2022 – unaudited (continued)**(Expressed in Renminbi)*

	At 30 June 2022	At 31 December 2021
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Non-current liabilities</b>		
Lease liabilities	1,073,936	1,114,106
Provisions	32,009	31,645
Deferred tax liabilities	2,394	47,204
	<u>1,108,339</u>	<u>1,192,955</u>
<b>NET ASSETS</b>	<b><u>3,059,032</u></b>	<b><u>3,137,596</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	1	1
Reserves	3,035,708	3,082,573
<b>Total equity attributable to equity shareholders of the Company</b>	<b>3,035,709</b>	<b>3,082,574</b>
<b>Non-controlling interests</b>	<b>23,323</b>	<b>55,022</b>
<b>TOTAL EQUITY</b>	<b><u>3,059,032</u></b>	<b><u>3,137,596</u></b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

## 1 BASIS OF PREPARATION

The unaudited interim financial information was extracted from the interim financial report of Jiumaojiu International Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2022.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 23 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

## 2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendment to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

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

#### *Disaggregation of revenue*

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15:</b>		
Restaurant operations	1,534,557	1,703,797
Delivery business	356,182	302,489
Sales of specialities	957	5,408
Others	7,325	9,791
	<u>1,899,021</u>	<u>2,021,485</u>

*Note:* Revenue was mainly recognised at point in time when control over a product or service was transferred to the customer.

No revenue from individual customer contributing over 10% of total revenue of the Group for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

#### (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 interest 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”. During the six months ended 30 June 2022, the management has revised the definition of Non-GAAP Operating Profit for a better understanding on the Group’s multi-brand and multi-concept strategy by shareholders and investors. Under the revised reporting segment information, no head office and corporate expenses are allocated to any reportable segments but separately disclosed. On the other hand, advertising and promotion expenses and certain other expenses attributable to store operations, which were unallocated and disclosed separately in the previous periods, are allocated to each reportable segment.

Upon the above revisions, the Group defines Non-GAAP 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 amortisation of other assets, (vi) utilities expenses, (vii) advertising and promotion expenses and (viii) other expenses, excluding unallocated head office and corporate expenses.

The segment result for the six months ended 30 June 2021 has also been revised to conform to the current period’s presentation.

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.

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 period is set out below.

For the six months ended	Jiu Mao Jiu		Tai Er		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Reportable segment revenue</b>								
Revenue from external customers	312,166	381,687	1,485,617	1,602,726	101,238	37,072	1,899,021	2,021,485
<b>Reportable segment profit/(loss) (Non-GAAP Operating Profit)</b>	<b>36,563</b>	29,627	<b>244,463</b>	375,445	<b>(2,859)</b>	(310)	<b>278,167</b>	404,762
Finance costs	<b>(8,103)</b>	(6,888)	<b>(27,989)</b>	(28,677)	<b>(3,125)</b>	(968)	<b>(39,217)</b>	(36,533)
Gains/(losses) on restaurants closures, net	<b>1,923</b>	491	<b>(458)</b>	(2,971)	<b>298</b>	416	<b>1,763</b>	(2,064)
As at 30 June/31 December								
<b>Reportable segment assets</b>	<b>739,102</b>	659,268	<b>2,204,846</b>	2,528,370	<b>225,765</b>	202,353	<b>3,169,713</b>	3,389,991
<b>Reportable segment liabilities</b>	<b>385,992</b>	359,786	<b>2,013,540</b>	2,381,107	<b>296,688</b>	260,809	<b>2,696,220</b>	3,001,702

(ii) **Reconciliations of reportable segment profit or loss**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Reportable segment profit (Non-GAAP Operating Profit)	278,167	404,762
Other revenue	25,271	29,776
Travelling and related expenses	(9,182)	(10,020)
Share of (losses)/profits of associates	(2,162)	1,282
Other net (losses)/income	(27,001)	54
Finance costs	(39,217)	(36,533)
Unallocated head office and corporate expenses	(130,372)	(112,566)
	<u>95,504</u>	<u>276,755</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 during the six months ended 30 June 2022 (six months ended 30 June 2021: over 90%).

**4 SEASONALITY OF OPERATIONS**

The Group's restaurant operations business is subject to seasonal factors. Customer traffic in restaurants is usually higher during the Chinese New Year holidays, peak summer season and National Day holidays than the rest of the year. Any decrease in customer traffic in restaurants during these periods may have an adverse impact on revenue. For the twelve months ended 30 June 2022, the Group reported revenue of RMB4,057,240,000 (twelve months ended 30 June 2021: RMB3,786,808,000).

**5 INCOME TAX**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Current tax</b>		
Provision for the period		
– PRC income tax	41,455	70,024
– PRC withholding tax (note (v))	37	262
– Other jurisdictions	723	457
Over-provision for the PRC income tax in respect of prior years	(156)	(376)
	<u>42,059</u>	<u>70,367</u>
<b>Deferred tax</b>		
Origination and reversal of accumulated tax loss and temporary differences	(9,058)	1,230
	<u>33,001</u>	<u>71,597</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 Group’s subsidiaries in Hong Kong did not have any other assessable profits for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).
- (iii) Taxable income for the Group’s subsidiaries in the PRC are subject to PRC income tax rate of 25% for the six months ended 30 June 2022 (six months ended 30 June 2021: 25%), 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 six months ended 30 June 2022 (six months ended 30 June 2021: 3% to 27%).
- (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 six months ended 30 June 2022 (six months ended 30 June 2021: 10%).

## 6 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2022 is based on the profit attributable to equity shareholders of the Company of RMB57,700,000 (six months ended 30 June 2021: RMB186,038,000) and the weighted average of 1,453,412,608 shares (six months ended 30 June 2021: 1,453,410,000) in issue during the interim period.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>shares</b>	shares
Issued shares at 1 January	<b>1,453,410,000</b>	1,453,410,000
Effect of shares issued due to exercise of share options	<b>2,608</b>	–
	<b>1,453,412,608</b>	1,453,410,000

**(b) Diluted earnings per share**

The calculation of diluted earnings per share for the six months ended 30 June 2022 is based on the profit attributable to equity shareholders of the Company of RMB57,700,000 (six months ended 30 June 2021: RMB186,038,000) and the weighted average of 1,453,412,608 shares (six months ended 30 June 2021: 1,454,046,000), calculated as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>shares</b>	shares
Weighted average number of shares at 30 June	<b>1,453,412,608</b>	1,453,410,000
Effect of employees' share option scheme	<b>–</b>	636,000
Weighted average number of ordinary shares (diluted) at 30 June	<b><u>1,453,412,608</u></b>	<b><u>1,454,046,000</u></b>

For the six months ended 30 June 2022, the potential ordinary shares of restricted stock units scheme and employee's share option scheme were anti-dilutive.

**7 TRADE AND OTHER RECEIVABLES**

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Trade debtors	<b>23,207</b>	12,223
Other receivables and deposits	<b>241,610</b>	222,238
Interest receivables	<b>1,004</b>	501
Prepayments	<b>92,191</b>	102,476
Amounts due from related parties	<b>119,195</b>	71,520
	<b><u>477,207</u></b>	<b><u>408,958</u></b>

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

**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:

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Within 1 month	<b><u>23,207</u></b>	<b><u>12,223</u></b>

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

## 8 CASH AND CASH EQUIVALENTS

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Cash on hand	33	33
Cash at bank	2,067,361	2,079,689
Less: restricted bank deposits	(747)	(1,792)
Less: deposits with banks with original maturity date over three months	<u>(221,476)</u>	<u>(735,840)</u>
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	<u><b>1,845,171</b></u>	<u><b>1,342,090</b></u>

## 9 TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade payables	139,318	141,207
Other payables and accrued charges	201,601	212,267
Amounts due to related parties	39,959	12,461
Dividend payable	<u>3,948</u>	<u>3,795</u>
	<u><b>384,826</b></u>	<u><b>369,730</b></u>

As at the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 1 year	<u><b>139,318</b></u>	<u><b>141,207</b></u>

## 10 EQUITY SETTLED SHARE-BASED PAYMENTS

During the six months ended 30 June 2022, the Group has the following share-based payment arrangements:

### (a) Restricted Stock Units Scheme

The Group's ultimate controlling party, Mr. Guan Yihong, operates a share-based incentive scheme under which the restricted stock units ("RSUs") would be granted as share incentives to qualified directors and employees. The RSUs granted would vest on specific dates, on condition that employees remain in service without any performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

As at 30 June 2022, the number of RSUs granted was 7,053,710 (31 December 2021: 7,053,710). During the six months ended 30 June 2022, none of RSUs was vested (six months ended 30 June 2021: 1,571,000).

The Group recognised share-based expenses of RMB416,000 during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB431,000).

### (b) Employees' Share Option Scheme

The Company has a share option scheme which was adopted on 6 December 2019 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at predetermined consideration to subscribe for shares of the Company. The options vest after one year from the date of grant and are then exercisable within a period of two years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

The number and weighted average exercise prices of share options are as follows:

	2022		2021	
	Weighted average exercise price HKD	Number of options	Weighted average exercise price HKD	Number of options
Outstanding at 1 January	19.57	5,327,200	17.98	1,694,600
Granted during the period	–	–	–	–
Exercised during the period	17.98	(472,100)	–	–
Forfeited during the period	20.24	(133,900)	–	–
Outstanding at 30 June	<u>19.73</u>	<u>4,721,200</u>	<u>17.98</u>	<u>1,694,600</u>
Exercisable at 30 June	17.98	1,069,000	–	–
Non vested at 30 June	<u>20.24</u>	<u>3,652,200</u>	<u>17.98</u>	<u>1,694,600</u>

The weighted-average remaining contractual life of outstanding share options are as follows:

	At 30 June 2022	At 31 December 2021
Weighted-average remaining contractual life of share options	<u>2.1 years</u>	<u>2.5 years</u>

The Group recognised share option expenses of RMB6,176,000 during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB2,763,000).

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

- (i) No interim dividends were proposed to equity shareholders of the Company attributable to the interim period after the end of the reporting period (six months ended 30 June 2021: nil).
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HKD0.06 per ordinary share (six months ended 30 June 2021: HKD0.02 per ordinary share)	70,968	24,367
Special dividend (six months ended 30 June 2021: HKD0.02 per ordinary share)	–	24,367
	<u>70,968</u>	<u>48,734</u>

### (b) Share capital

#### (i) Issued share capital

	Six months ended 30 June 2022		
	No. of shares	Nominal value of fully paid shares USD	Nominal value of fully paid shares RMB
<b>Ordinary shares, issued and fully paid:</b>			
At 1 January 2022	1,453,410,000	145.34	985
Shares issued due to exercise of Share Option Scheme on 29 June 2022 at USD0.0000001 each ( <i>note 11(b)(ii)</i> )	<u>472,100</u>	<u>0.05</u>	<u>–*</u>
At 30 June 2022	<u>1,453,882,100</u>	<u>145.39</u>	<u>985</u>

The ordinary shares of the Company have a par value of USD0.0000001 each.

\* The amount represents amount less than RMB1.

#### (ii) Shares issued due to exercise of Share Option Scheme

During the six months period ended 30 June 2022, share options were exercised to subscribe for a total of 472,100 (six months ended 30 June 2021: nil) ordinary shares in the Company at a consideration of HKD8,488,000 (equivalent to approximately RMB7,253,000), of which RMB0.3 and RMB7,253,000 were credited to share capital and the share premium account respectively. RMB1,649,000 was transferred from the share-based payments reserve to the share premium account.

## 12 COMMITMENTS

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report

	<b>At 30 June 2022 RMB'000</b>	<b>At 31 December 2021 RMB'000</b>
Contracted for acquisition of property, plant and equipment and right-of-use assets	<b>481,073</b>	419,192
Authorised but not contracted for acquisition of property, plant and equipment and right-of-use assets	<b>30,104</b>	5,979
	<b>511,177</b>	425,171

## **OTHER INFORMATION**

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

During the six months ended June 30, 2022 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 Part 2 of 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 six months ended June 30, 2022, 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 the Directors, all Directors confirmed that they have strictly complied with the Model Code during the six months ended June 30, 2022.

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 six months ended June 30, 2022 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 members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended June 30, 2022.

The unaudited interim results of the Group for the six months ended June 30, 2022 have been reviewed by the Company’s external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

## **Publication of Interim Results Announcement and Interim Report**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.jiumaojiu.com](http://www.jiumaojiu.com)). The interim report of the Company for the six months ended June 30, 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders 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, August 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.*