Nayuki Holdings Limited
奈雪的茶控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2150)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board hereby announces the audited consolidated annual results of the Group for the year ended December 31, 2022 (the "**Results Announcement**"), together with the comparative figures for the year ended December 31, 2021, as below. The results have been reviewed by the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

The offline consumption industries, including the freshly-made tea drinks industry, faced tremendous challenges in 2022. The recurring outbreak of COVID-19 pandemic ("**COVID-19**") has caused significant disruption to the operation of the enterprises within the industry and impacted the profitability of these enterprises through the relatively high operating leverage. At the same time, affected by the macro environment, the income of consumers either decreased or grew slower than expected, their expected income was suppressed, and the uncertainty for the future increased, which in turn affected their ability and willingness to consume discretionary goods.

In order to overcome the challenges, the Company made efforts to both revenue and cost perspectives. On the one hand, the Company continued to introduce popular quality products in 2022, while ensuring the stable gross profit margin, the overall price range of new products has been adjusted downward to attract consumers to make purchase decisions easier; we have insisted on opening stores in premium locations, while constantly optimizing the store model, expanding the geographical area available for store openings where are closer to our consumers. On the other hand, the Company reduced the operating leverage and improved the operational flexibility through digitalization and automation measures such as the self-developed automatic shift scheduling system and automatic tea-making equipment, so as to maintain the stability of single-store model in a challenging environment and lay a concrete foundation for the Company to quickly restore its profitability in the aftermath of COVID-19.

Furthermore, following the gradual optimization of control measures on COVID-19 across the regions in the mainland China and the rapid peak and decline of the first wave of COVID-19 at the end of 2022, our operation and financial indicators began to improve swiftly. We believe that the silver lining of the offline consumption recovery in the post-pandemic era has appeared.

In 2022, the Group's revenue decreased by approximately 0.1% to RMB4,291.6 million from RMB4,296.6 million in 2021. Affected by the factors including COVID-19 and the change of consumption environment, the Group's adjusted net loss in 2022 was RMB461.3 million (2021: RMB145.3 million).

In 2022, we recorded store-level operating profit of RMB469.9 million for our *Nayuki* teahouses, representing an decrease of approximately 20.6% compared to 2021. The store-level operating profit margin of *Nayuki* teahouses was 11.8% in 2022, representing a decrease of approximately 2.7 percentage points compared to 2021. Net cash generated from operating activities of the Group decreased by approximately 39.4% from RMB506.1 million in 2021 to RMB306.6 million in 2022.

Performance by sub-brands

For the Reporting Period, *Nayuki* teahouses contributed a vast majority of our revenue. In the foreseeable future, we expect that *Nayuki* teahouses will continue to be our key business. The following table sets out our performance by our sub-brands.

	For the year ended December 31,					
	2022		2021		Change	
	RMB	*%*	*RMB*	*%*	*RMB*	*Percentage point(s)*
	(in thousands, except percentages)					
Nayuki	**3,969,306**	**92.5**	4,067,298	94.7	-97,992	-2.2
Tai Gai	**82,584**	**1.9**	141,489	3.3	-58,905	-1.4
Others[(1)]	**239,696**	**5.6**	87,831	2.0	151,865	3.6
Total	**4,291,586**	**100.0**	4,296,618	100.0	-5,032	N/A

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Store-level Operating Profit[(2)]	**Store-level Operating Profit Margin**[(2)]	Store-level Operating Profit[(2)]	Store-level Operating Profit Margin[(2)]
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Nayuki	**469,945**	**11.8**	591,527	14.5
Tai Gai	**-11,949**	**-14.5**	18,726	13.2

	For the year ended December 31, 2022	For the year ended December 31, 2021
***Nayuki* teahouses**		
Average sales value per order(RMB)[3]	**34.3**	41.6
Average orders per teahouse per day(#)[4]	**348.2**	416.7

Notes:

(1) Including revenue derived from other than *Nayuki* teahouses or *Tai Gai* teahouses, which consist primarily of sales of retail products such as bottled drinks, gift tea boxes, seasonal gift sets and other gifts.

(2) We define store-level operating profit as revenue deducting operational costs, comprising costs of materials, staff costs, depreciation of right-of-use assets, other rentals and related expenses, depreciation and amortization of other assets, utilities expenses and delivery expenses, incurred at the store level under each teahouse brand, while store-level operating profit margin is calculated by dividing store-level operating profit by revenue for the corresponding period.

(3) Calculated by the revenue generated by a *Nayuki* teahouse in certain period divided by the total number of orders placed by customers to such *Nayuki* teahouse in the same period.

(4) Calculated by the arithmetic average amount of valid orders per day of a *Nayuki* teahouse in certain period.

Performance by business lines

We intend to modernize China's long-lived tea-drinking culture and promote it to more customers by offering freshly-made tea drinks and baked products coupled with enjoyable customer experience. Moreover, in order to cater to the diversified demands of our customers, we have launched various retail products such as sparkling water and snacks. The following table sets out our performance by business lines.

	For the year ended December 31,					
	2022		2021		Change	
	RMB	*%*	*RMB*	*%*	*RMB*	*Percentage point(s)*
	(in thousands, except percentages)					
Freshly-made tea drinks	**3,135,326**	**73.1**	3,186,988	74.2	-51,662	-1.1
Baked products	**775,672**	**18.1**	940,054	21.9	-164,382	-3.8
Other products[1]	**380,588**	**8.9**	169,576	3.9	211,012	5.0
Total	**4,291,586**	**100.0**	4,296,618	100.0	-5,032	N/A

Note:

(1) Primarily including retail products and gifts, such as bottled beverage drinks including bottled fruit tea and sparkling water, gift tea boxes, snacks and seasonal gift sets. As the proportion of bottled beverage drinks lines is relatively low, we still classify them into "other products" at present. As the product line grows in size, we will continue to assess whether a separate disclosure is required for such business line.

Performance by income sources – *Nayuki* teahouses

In 2022, impacted by COVID-19, there was a significant increase in the proportion of delivery orders due to inconveniences for the customers to dine-in or pick up. However, at the end of 2022, with the rapid lifting of control measures on COVID-19, we noticed that the proportion of delivery orders began to decline. As the Company continues to increase the density of stores in the existing market, it is more convenient for customers to spend in stores. We expect that the proportion of delivery orders will return to a healthier level.

The following table sets out the performance of *Nayuki* teahouses by income sources.

	For the year ended December 31,					
	2022		2021		Change	
	RMB	***%***	*RMB*	*%*	*RMB*	*Percentage point(s)*
	(in thousands, except percentages)					
***Nayuki* teahouses**						
Order at store counter [1]	**759,744**	**19.1**	1,146,582	28.2	-386,838	-9.1
Pickup orders[2]	**1,372,624**	**34.6**	1,422,538	35.0	-49,914	-0.4
Delivery orders[3]	**1,836,938**	**46.3**	1,498,178	36.8	338,760	9.5
Total	**3,969,306**	**100.0**	4,067,298	100.0	-97,992	N/A

Notes:

(1) Representing revenue generated from customer orders placed on-site at *Nayuki* teahouses (excluding orders placed through our WeChat and Alipay mini programs and *Nayuki* app).

(2) Representing revenue generated from customer pickup orders placed through our WeChat, Alipay or third party platform mini programs and *Nayuki* app.

(3) Representing revenue generated from delivery orders that require delivery services. In 2022, out of the revenue of the Group's *Nayuki* teahouses, approximately 38.4% was derived from revenue generated from delivery orders placed by third-party platforms; and approximately 7.9% was derived from revenue generated from delivery orders placed by the Group's self-operated platform.

Nayuki Membership Program

Since we introduced the *Nayuki* Membership Program in 2019, the number of our members is continuously increasing. As at December 31, 2022, the Company had registered members of approximately 56.6 million. The monthly active members[1] of the Company amounted to approximately 3.2 million with a monthly repurchase rate[2] of approximately 26.3%.

Notes:

(1) Representing the average number of members who ordered our products at least once a month during 2022;

(2) Representing the average proportion of active members who ordered our products at least twice a month during 2022.

2. PERFORMANCE ANALYSIS OF STORES

Number and distribution of stores – *Nayuki* teahouses

As of December 31, 2022, our Group had 1,068 self-owned *Nayuki* teahouses in 89 cities. In 2022, we recorded a net increase of 251 *Nayuki* teahouses. We insist on further expanding our teahouse network and increasing market penetration mainly in the existing Tier 1 cities, New Tier 1 cities and key Tier 2 cities, so as to cultivate and consolidate consumers' habits for high-end freshly-made tea drinks. The following table sets out the breakdown of the number of our *Nayuki* teahouses by geographic location.

	As of December 31, 2022	As of December 31, 2021
Number of Type-I Teahouses (#)		
Tier 1 cities	**309**	245
New Tier 1 cities	**294**	245
Tier 2 cities	**213**	172
Other cities (1)	**80**	56
Total	**896**	718

	As of December 31, 2022	As of December 31, 2021
Number of Type-II Teahouses (#)		
Tier 1 cities	**64**	35
New Tier 1 cities	**63**	37
Tier 2 cities	**29**	15
Other cities (1)	**16**	12
Total	**172**	99

Notes:

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

(2) At present, almost all of the newly opened *Nayuki* teahouses of the Group are PRO teahouses, and the existing regular teahouses will be gradually converted into PRO teahouses upon the expiry of their lease or with the permission of the shopping malls or other lessors. At present, the differences between regular teahouses and PRO teahouses are relatively minor and will continue to reduce in the future, and we no longer put emphasis on such differences. Due to the similarity of the location and operating performance of the stores, regular teahouses and Type-I PRO Teahouses disclosed previously was consolidated as "Type-I Teahouses" in the 2022 interim report of the Group, while Type-II PRO Teahouses located in other less prime shopping malls, office buildings, residential neighborhoods, etc. was named as "Type-II Teahouses". Meanwhile, we will no longer separately disclose the number of regular teahouses that have been converted to PRO teahouses on a quarterly basis.

Certain additional key performance indicator data of our *Nayuki* teahouses by market and by nature of teahouses is shown below for the ease of understanding of Shareholders and potential investors.

Performance by market – *Nayuki* teahouses

Benefiting from our strong brand influence, when tapping into a new market, *Nayuki* teahouses usually attract customer traffic from outside the peripheral communities and experienced "store opening customer traffic" with higher sales volume. However, as it is difficult to cultivate customers' consumption habits due to the relative sparsity of stores; therefore, until store density reaches a reasonable level, daily sales per teahouse will gradually decline. At the same time, as we continue to expand, newly-opened stores account for a larger proportion and it is necessary for existing stores in these markets to recruit and reserve talents for them, thus putting pressure on the operating margins of existing stores.

With our accumulated operating hours and growing store density, customers' consumption habits will be gradually established in these markets. Coupled with gradual decline in the proportion of newly-opened stores, we expect that the average daily sales per teahouse of *Nayuki* teahouses in these markets will gradually stabilize and thus our store-level operating profit margin will gradually increase. Therefore, we believe that it is necessary to further increase our store density in the existing markets to accelerate market maturity.

The following table sets out certain key performance indicators for stores in certain cities.

	As of and for the year ended December 31, 2022		
	Number of stores[1](#)	**Average daily sales per teahouse** ***(RMB'000)***	**Store-level operating profit margin[2]** ***(%)***
***Nayuki* teahouses**			
Shenzhen	**146**	**17.7**	**17.5**
Shanghai	**66**	**11.8**	**1.6**
Guangzhou	**73**	**13.1**	**12.8**
Wuhan	**53**	**11.3**	**10.9**
Xi'an	**40**	**13.7**	**18.5**
Beijing	**57**	**12.3**	**4.8**

The following table sets out certain same-store key performance indicators of *Nayuki* teahouses in certain cities.

		For the year ended December 31,			
		2022	2021	**2022**	2021
	Number of same stores[3](#)	Average daily sales per teahouse *(RMB'000)*		Store-level operating profit margin[2] *(%)*	
***Nayuki* teahouses**					
Shenzhen	109	**18.7**	23.4	**17.5**	21.8
Shanghai	40	**12.7**	18.2	**-0.2**	12.9
Guangzhou	37	**15.0**	20.9	**12.9**	17.9
Wuhan	36	**12.2**	19.2	**10.5**	17.3
Xi'an	29	**15.0**	18.7	**18.5**	16.2
Beijing	30	**14.0**	21.1	**4.4**	7.7

Despite the relatively greater changes in external factors such as the COVID-19 during the Reporting Period, and the impact of which is difficult to quantify, we believe the logic of increasing our store density can facilitate the cultivation of consumption habits, and in turn assist different markets to progressively develop into mature oligopolistic market remains valid and is gradually being verified. We will continue to disclose performance by cities in the future to assist investors in understanding and verifying the above logic.

Performance by store nature – *Nayuki* teahouses

The following table sets out certain key performance indicators of Type-I Teahouses and Type-II Teahouses.

	As of and for the year ended December 31, 2022		
	Number of stores[(1)](#)	**Average daily sales per teahouse *(RMB'000)***	**Store-level operating profit margin[(2)] *(%)***
Type-I Teahouses	**827**	**13.3**	**12.5**
Type-II Teahouses	**157**	**9.5**	**16.1**

Notes:

(1) Only including stores that opened for at least 60 days as of December 31, 2022 and did not cease operation as of December 31, 2022. We are of view that stores opened for less than 60 days may be significantly affected by opening promotions, "store opening customer traffic" and other factors, which may lead to the overall data being unrepresentative and misleading to investors. Therefore, we have excluded those stores.

(2) Since there are one-off opening expenses, including but are not limited to, pre-operating labor costs for the teahouse and other expenses, to be included in the profit and loss for the month that the teahouse commences operation, it will be not meaningful for reference due to the fact that the store-level profit margin of such teahouses to be significantly affected by the opening expenses. To facilitate investors to have a better understand of and compare the daily profitability of teahouses in different types, the store-level operating profit margin listed in the table has excluded the impact of the one-off opening expenses mentioned above.

(3) Only including stores that operated for at least 60 days in 2021 and 2022 and did not cease operation as of December 31, 2022.

3. OUTLOOK

The gradual optimization of control measures on COVID-19 across the regions in the mainland China and the rapid peak and decline of the first wave of COVID-19 at the end of 2022 have greatly strengthened our confidence in the recovery of consumption. From the perspectives of recovery degree of offline traffic, same-store performance and profitability shown in unaudited monthly consolidated management accounts, we see a sign of recovery: the control measures on COVID-19 have been lifted, the proportion of delivery orders dropped as consumers returned to offline consumption, and the income and profitability of same-store began to recover. We believe we have reasons to be optimistic about 2023.

We will continue to make efforts to optimize both revenue and cost. We will introduce more quality products with a more balanced price range that are suitable for a wide range of customer groups, and continue to enhance digitalization and automation capabilities, strengthen refined management and strive to achieve the goals set out in the interim report in 2022, which are to stabilize the labor cost at the store level of *Nayuki* teahouses within 20% and maintain the actual rental cost at the store level within 15%. In principle, we will not hire mid-office and back-office personnel in the short term, thus the labor cost for headquarters is expected to drop. We are of view that, under the background of consumption recovery, we are more confident on consolidating the above optimization achievements in 2023 to maintain a reasonable level of profit for Shareholders. The performance of the Group's stores in January and February 2023 further strengthen our confidence.

In terms of store expansion, in 2023, we expect to maintain an active and steady store opening plan by increasing store density in the existing high-tier cities. With the continuous optimization on store model, staff at stores and equipment are more streamlined than before, the restrictions in stores are fewer, making the Group easier to reach breakeven. As a result, the number of potential store locations available for us is increasing, the supply-demand relation is beneficial to the Group, thus enhancing our negotiation advantages as a tenant. In the future, the space for the Group's store number expansion is expected to be enlarged. At the same time, considering the market environment is rapidly recovering, we will continue to evaluate the store opening plan.

In terms of capital security, we have sufficient cash and cash flow to support our operation and expansion. At present, we do not have any plans for large-scale refinancing.

In the past year, facing the challenging operating environment and unpredictable capital market, we faced difficulties head on, broadened sources of income and reduced expenditure and insisted on timely, effective and transparent communication, strived to provide professional and valuable services for Shareholders and potential investors. As we believe in the saying "No pain, No gain". With the recovery of consumption, we are confident that our efforts in the past year will create better returns for Shareholders in 2023.

FINANCIAL REVIEW

Revenue

The Group generates substantially all of its revenue from sales of products offered by *Nayuki* teahouses. For the Reporting Period and 2021, *Nayuki* contributed 92.5% and 94.7% of the total revenue, respectively. The remaining small portion of revenue was mainly derived from our bottled drinks business as well as teahouses operated under our sub-brand *Tai Gai*.

The Group recorded revenue of RMB4,291.6 million for the Reporting Period (2021: RMB4,296.6 million), representing a decrease of approximately 0.1% as compared with 2021, which was mainly attributable to the sluggish consumption atmosphere resulted from the recurring outbreak of COVID-19 in various regions in mainland China in 2022.

Other income

Other income of the Group consists primarily of (i) interest income on bank deposits, term deposits, rental deposits and other financial assets; and (ii) government grants, primarily representing subsidies, and unconditional cash awards granted by local governments. Other income of the Group amounted to RMB125.0 million for the Reporting Period (2021: RMB27.3 million). The increase in the Group's other income was primarily due to (i) interest income from an increase in the proceeds from our Global Offering and an increase in interest income from term deposits; and (ii) an increase in subsidy from government.

Expenses

Cost of materials

Cost of materials consists primarily of (i) cost of raw materials, including tea leaves, dairy products, seasonal fruits, juices, and other raw materials used for the preparation of our freshly made tea drinks, baked goods and other products, and (ii) cost of packaging materials and consumables such as tea cups and paper bags.

Cost of materials of the Group amounted to RMB1,416.1 million, representing 33.0% of the total revenue of the Group for the Reporting Period, compared to RMB1,400.7 million, representing 32.6% of the total revenue for 2021. Our cost of materials remained stable.

Staff costs

Staff costs consist primarily of (i) salaries, wages and other benefits, (ii) contributions to defined contribution retirement plan, (iii) equity-settled share-based payment expenses and (iv) outsourced staff costs. Staff costs of the Group amounted to RMB1,362.1 million, representing 31.7% of the total revenue for the Reporting Period, compared to RMB1,424.4 million, representing 33.2% of the total revenue for 2021. The proportion of staff costs over total revenue decreased, primarily due to capacity improvement of delicacy management of the Group. During the Reporting Period, staff costs classified by brands included: (i) store-level staff costs for *Nayuki*, which amounted to RMB931.1 million, representing 23.5% of revenue for *Nayuki*, (ii) store-level staff costs for *Tai Gai*, which amounted to RMB28.5 million, representing 34.6% of revenue for *Tai Gai*, and (iii) staff costs for headquarters and others, which amounted to RMB402.5 million, representing 9.4% of the total revenue.

Depreciation of right-of-use assets

Depreciation of right-of-use assets represents depreciation charges for the Group's leases. Depreciation of right-of-use assets is recognized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. Depreciation of right-of-use assets of the Group amounted to RMB434.9 million for the Reporting Period, representing 10.1% of the Group's total revenue during the Reporting Period (2021: RMB420.3 million, representing 9.8% of the Group's revenue for 2021).

Other rentals and related expenses

Other rentals and related expenses consist primarily of lease payments for our leases of teahouses. Our other rentals and related expenses mainly include (i) short-term leases that have a lease term of 12 months or less and leases of low-value assets; and (ii) variable lease payments which subject to some specified event or condition.

Other rentals and related expenses of the Group amounted to RMB229.0 million for the Reporting Period, representing 5.3% of the Group's total revenue during the Reporting Period (2021: RMB213.0 million, representing 5.0% of the Group's revenue for 2021).

Depreciation and amortization of other assets

Depreciation and amortization of other assets represent depreciation charges for property and equipment and depreciation expense for leasehold improvements. Depreciation and amortization of other assets of the Group amounted to RMB263.2 million for the Reporting Period, representing 6.1% of the Group's total revenue during the Reporting Period (2021: RMB204.0 million, representing 4.7% of the Group's revenue for 2021). The proportion of depreciation and amortization of other assets over total revenue increased, primarily due to the increase in the number of stores of the Group.

Advertising and promotion expenses

Advertising and promotion expenses primarily represent expenses incurred in connection with marketing, branding and promotion activities of the Group. Advertising and promotion expenses of the Group amounted to RMB142.9 million for the Reporting Period, representing 3.3% of the Group's total revenue during the Reporting Period (2021: RMB111.6 million, representing 2.6% of the Group's revenue for 2021).

Delivery service fees

Delivery service fees represent fees paid by the Group to third-party delivery service providers. Delivery service fees of the Group amounted to RMB380.5 million for the Reporting Period, representing 8.9% of the Group's total revenue during the Reporting Period (2021: RMB259.0 million, representing 6.0% of the Group's revenue for 2021). The increase in delivery service fees was primarily due to the impact of COVID-19 in 2022 resulted in the change in customers' consumption habits, which in turn led to an increase in the proportion of delivery orders.

Utilities expenses

Utilities expenses consist primarily of expenses in relation to electricity utilities, and to a lesser extent, gas and water utilities that are attributable to the operation of the Group's teahouses. Utilities expenses of the Group amounted to RMB113.6 million for the Reporting Period, representing 2.6% of the Group's total revenue during the Reporting Period (2021: RMB90.8 million, representing 2.1% of the Group's revenue for 2021).

Logistic and storage fees

Logistic and storage fees represent fees paid by the Group to third-party service providers for raw materials transportation and warehousing services. Logistic and storage fees of the Group amounted to RMB123.1 million for the Reporting Period, representing 2.9% of the Group's total revenue during the Reporting Period (2021: RMB90.5 million, representing 2.1% of the Group's revenue for 2021).

Finance costs

Finance costs consist primarily of interests on lease liabilities. Finance costs of the Group amounted to RMB80.3 million for the Reporting Period, representing 1.8% of the Group's total revenue during the Reporting Period (2021: RMB91.5 million, representing 2.1% of the Group's revenue for 2021). The following table sets forth the components of our finance costs for the period indicated, both in absolute amount and as a percentage of total revenue.

	For the year ended December 31,			
	2022		2021	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Interest on lease liabilities	**79,182**	**1.8**	88,757	2.1
Interest on provisions	**1,144**	**0.0**	1,073	0.0
Interest on bank loans	**–**	**–**	851	0.0
Interest on redeemable capital contributions	**–**	**–**	866	0.0
	80,326	**1.8**	91,547	2.1

Other expenses

Other expenses consist primarily of (i) administrative expenses incurred during the ordinary course of business of the Group, such as telecommunication expenses and maintenance expenses, (ii) travelling and business development expenses incurred by employees of the Group, (iii) other-party service fees representing costs associated with third-party management consulting and other professional services, (iv) impairment losses and (v) others, such as insurance fees and other tax and surcharges. Other expenses of the Group amounted to RMB249.6 million for the Reporting Period, representing 5.8% of the Group's total revenue during the Reporting Period (2021: RMB176.3 million, representing 4.1% of the Group's revenue for 2021). The following table sets forth the components of our other expenses in absolute amounts and as percentages of total revenue for the periods indicated.

	For the year ended December 31,			
	2022		2021	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Administrative expenses	**142,016**	**3.3**	72,631	1.7
Travelling and business development expenses	**40,825**	**1.0**	31,873	0.7
Other-party service fees	**23,257**	**0.5**	20,656	0.5
Impairment losses and write-down of inventories	**18,368**	**0.4**	8,410	0.2
Listing expenses	**–**	**–**	14,735	0.3
Others	**25,112**	**0.6**	28,020	0.7
	249,578	**5.8**	176,325	4.1

Income Tax

The income tax benefits of the Group amounted to RMB40.7 million for the Reporting Period. The income tax benefits of the Group for the year ended December 31, 2021 amounted to RMB4.1 million.

Non-IFRS Measure

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Group also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. The Group believes that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of items that our management does not consider to be indicative of the Group's operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating the Group's consolidated results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the investors should not consider them in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

	Year Ended December 31,	
	2022	2021
	(RMB in thousands)	
Reconciliation of net loss and adjusted net loss (non-IFRS measure)		
Net loss for the year	**(475,806)**	(4,525,524)
Add:		
Fair value changes of financial liabilities at fair value through profit or loss [1]	**–**	2,874
Fair value changes of convertible redeemable preferred shares [2]	**–**	4,329,052
Listing expenses[3]	**–**	14,735
Equity-settled share-based payment expenses [4]	**14,475**	32,732
Interest on redeemable capital contributions [5]	**–**	866
Adjusted net loss (non-IFRS measure)	**(461,331)**	(145,265)
Adjusted net loss margin (non-IFRS measure)	**(10.7)%**	(3.4)%

Notes:

(1) Fair value changes of financial liabilities at fair value through profit or loss represent the gains or losses arising from change in fair value of the Group's warrants, onshore loans and convertible note with conversion rights in connection with the Series B-2 investments. Such changes are one-off and non-cash in nature and are not directly related to the Group's operating activities. The aforementioned financial liabilities at fair value through profit or loss have been ultimately converted into ordinary shares of the Company upon the closing of the Global Offering on June 30, 2021 and no further gains or losses on fair value changes from these financial instruments going forward.

(2) Fair value changes of convertible redeemable preferred shares represent fair value changes in all classes of preferred shares, which is a non-cash item, and there will be no further gains or losses on fair value changes from these preferred shares after the automatic conversion into ordinary shares upon the closing of the Global Offering.

(3) Listing expenses relate to the Global Offering, which is one-off in nature and is not directly related to the Group's operating activities.

(4) Equity-settled share-based payment expenses consist of (i) share options and RSUs granted under the 2020 Share Incentive Plan, and (ii) difference in fair value of ordinary shares and preferred shares arising from the re-designation of ordinary shares held by the Group's Controlling Shareholders to preferred shares by the Company. For (i), it is adjusted for as these items are non-cash and non-operational in nature; and for (ii), it is adjusted for as the transaction is irregular to the operation of the business. In addition, both (i) and (ii) are not directly correlate with the Group's business performance in a given period.

(5) Interest on redeemable capital contribution represents interest on the Group's Series A, Series A+ and Series B-1 investments. Upon completion of the Global Offering, the redeemable capital contribution in connection with such Pre-IPO Investments has been ultimately converted into ordinary shares of the Company upon the closing of the Global Offering on June 30, 2021 and subsequently no interest would accrue. In addition, the interest on redeemable capital contribution is a non-cash and non-operational item, which is not directly correlate with the Group's business performance in a particular period.

Cash, Bank Deposits and Borrowings

As of December 31, 2022, the total cash and cash equivalents of the Group amounted to RMB1,387.5 million (as of December 31, 2021: RMB4,052.8 million) and the total term deposits and certificates of deposit of the Group amounted to RMB2,088.8 million (as of December 31, 2021: nil), primarily denominated in RMB, HKD and USD. As of December 31, 2022, the Group did not have any interest-bearing borrowings (as of December 31, 2021: approximately RMB0.4 million).

Right-of-Use Assets

The Group's right-of-use assets primarily represent the leases for the Group's teahouses, office at headquarters and warehouses. As of December 31, 2022, the right-of-use assets of the Group amounted to RMB1,273.3 million (as of December 31, 2021: RMB1,313.3 million). The balance of the Group's right-of-use assets remained stable.

Property and Equipment

The Group's property and equipment consist primarily of leasehold improvements, office building situated on leasehold land, kitchen equipment, furniture equipment, electronic equipment and others and construction in progress. As of December 31, 2022, the property and equipment of the Group amounted to RMB1,024.1 million (as of December 31, 2021: RMB801.4 million). The increase in the Group's property and equipment was primarily due to the increase in the number of stores and purchase of office building in Shanghai.

Inventories

The Group's inventories consist primarily of raw materials and packaging materials. As of December 31, 2022, the inventories of the Group amounted to RMB126.3 million (as of December 31, 2021: RMB174.1 million).

The Group's inventories turnover days increased from 36.1 days for 2021 to 38.7 days for the Reporting Period.

Trade and Other Receivables and Prepayments

The Group's trade receivables consist primarily of receivables due from third parties in connection with the sales of products. The Group's other receivables and prepayments consist primarily of input valued-added tax recoverable in connection with purchase of raw materials loan to an ongoing investment, rental deposits within one year and prepayments to suppliers. Trade and other receivables and prepayments of the Group increased from RMB346.1 million as of December 31, 2021 to RMB376.5 million as of December 31, 2022, primarily due to the loan to an ongoing investment and partially offset by a decrease of prepayments.

Trade and Other Payables

The Group's trade payables consist primarily of trade payables to the Group's raw materials suppliers. The Group also recorded other payables and accrued charges in connection with various aspects of its operations, including (i) payroll and welfare payables to employees, (ii) payables for purchase of property and equipment, (iii) accrued charges, which are mainly utilities, and (iv) others. Trade and other payables of the Group decreased from RMB654.2 million as of December 31, 2021 to RMB478.5 million as of December 31, 2022, primarily due to the decrease in payables for procurement of raw materials and property and equipment.

Gearing Ratio

As of December 31, 2022, our gearing ratio, which is calculated as total debt divided by total assets, was 31.3%, as compared with 32.5% as of December 31, 2021.

Treasury Policy

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

Liquidity and Financial Resources

Taking into account the financial resources available to the Group, including cash and cash equivalents, cash generated from operations and available facilities of the Company, and the net proceeds from the Global Offering, and after diligent and careful investigation, the Directors are of the view that the Group have sufficient working capital required for the Group's operations at present.

As of December 31, 2022, the Group had total cash and cash equivalents of RMB1,387.5 million (as of December 31, 2021: RMB4,052.8 million). In 2022, the Group mainly used cash for store operation and deposited part of idle cash into banks for term deposits and certificates of deposit (as of December 31, 2022, the total term deposits and certificates of deposit of the Group amounted to RMB2,088.8 million (as of December 31, 2021: nil)).

The Group did not have any bank loans and interest-bearing borrowings as of December 31, 2022 (as of December 31, 2021: approximately RMB0.4 million), and current ratio as of December 31, 2022 was approximately 3.30 times (as of December 31, 2021: approximately 3.51 times).

FOREIGN CURRENCY RISK

For the Reporting Period, the Group mainly operated in China and the majority of the transactions were settled in RMB. As of December 31, 2022, apart from cash and cash equivalents and term deposits denominated in foreign currency, the Group did not have any significant foreign exchange risk in its business operations. During the Reporting Period, the Group had entered into several forward foreign exchange contracts to manage foreign exchange fluctuations. Apart from the aforementioned instruments, the Group currently does not engage in other foreign exchange hedging activities. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

CONTINGENT LIABILITY

As of December 31, 2022, the Group did not have any significant contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures amounted to approximately RMB448.3 million for the Reporting Period, which were incurred primarily in connection with payment for purchase of equipment and leasehold improvements.

CHARGE ON ASSETS

As of December 31, 2022, bank deposits of RMB1.0 million was restricted by the relevant courts for two contractual disputes and RMB0.3 million has been released as at the date of this announcement. Except for the above, as of December 31, 2022, the Group did not pledge any assets.

SIGNIFICANT INVESTMENT

References are made to the announcements of the Company dated December 5, 2022, December 19, 2022 and January 6, 2023 in relation to the Group's investment in Shanghai Chatian (the "**Investment**"). Upon completion of the Investment, the Group will be interested in approximately 43.64% of the enlarged equity capital of Shanghai Chatian, and Shanghai Chatian is expected to become an associate of the Company.

Shanghai Chatian is a company established in the PRC with limited liability and is the operator of the "LELECHA" brand. Founded in 2016, "LELECHA" is one of the leading brands in freshly-made tea industry in the PRC, focusing on offering freshly-made tea drinks and bakery goods with signature products such as Dirty Milk Tea series (髒髒茶系列) and Dirty Bakery series (髒髒包系列), which gained widespread popularity among the customers. The Directors are of the view that the Investment will further enhance the brand diversity of the Group, reduce the Group's costs in store expansion and operation, and optimize the competitive environment of the freshly-made tea industry in the PRC. After taking into account of its terms and conditions, the Directors are further of the view that Investment is determined on normal commercial terms, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at December 31, 2022, the Company and the respective parties of the Investment were in the process of fulfilling the conditions precedent to the completion of the Investment. Further, on March 1, 2023, the Group has received the "Decision on No Further Examination in relation to Concentration of Business Operators and Anti-monopoly Examination" (《經營者集中反壟斷審查不實施進一步審查決定書》) issued by the State Administration for Market Regulation of the PRC (國家市場監督管理總局) with respect to the Investment. It is expected that the Investment will be completed in the first half of 2023. Further announcement with respect to the completion of the Investment will be made by the Company as and when appropriate.

Save as disclosed above, as of December 31, 2022, there was no significant investment held by the Group or future plans for significant investments or capital assets.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of December 31, 2022, save for the "Significant Investment" disclosed in this announcement and "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any existing plan for acquiring other material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

For the Reporting Period, save for the "Significant Investment" disclosed in this announcement, there was no material acquisitions or disposal of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2022, the Group had a total of 7,557 full-time employees, among which 1,550 employees work in the Group's headquarters and regional offices, and the remaining employees are in-store staff. The Group values its employees and is committed to growing with employees. The Group has launched an employee retention initiative, under which the Group incorporates employee retention rate as one of the key criteria that used to assess its teahouse performance. The Group is also committed to establishing a competitive and fair remuneration and benefits environment for its employees. Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions. To effectively motivate the Group's business development team through remuneration incentives and ensure that our employees receive competitive remuneration packages, the Group continually refine its remuneration and incentive policies through market research and comparisons with its competitors. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are organized by municipal and provincial governments, including basic pension, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing fund.

The Group also share its success with employees by offering them a variety of incentives and financial rewards to keep them motivated. To recognize and reward, among others, the Group's employees, directors and senior management for their contributions to the Group, to attract suitable personnel and to provide incentives to them to remain with and further contribute to the Group, the Group has adopted the 2020 Share Option Plan and the 2020 Share Incentive Plan by way of resolutions of the Board on May 15, 2020.

In addition, the Group places strong emphasis on providing trainings to its employees in order to enhance their professional skills, understanding of industry and work place safety standards, and appreciation of the Group's value, especially the Group's unwavering commitment to food safety and product quality as well as satisfying customer services. The Group designs and offers different training programs for employees at various positions. For example, the Group requires every newly recruited employee at operational functions to attend a one-month in-store training as the Group strives for consistency and high quality of its product delivery and customer services. In addition, the Group pairs its new in-store staff with seniors, who are responsible for guiding them through the probation period. The Group have also established a vanguard program to foster and maintain a local talent pool and offer a promotion path for excellent employees to become future teahouse managers.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange on June 30, 2021. The net proceeds raised from the Company's global offering (the "**Global Offering**"), after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK$4,842.4 million. As of December 31, 2022, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of proceeds" in the Prospectus. The net proceeds received by the Company from the Global Offering will be used for the following purposes:

- approximately 70.0%, or HK$3,389.8 million, will be used over the next three years to expand the Group's teahouse network and deepen the Group's market penetration;

- approximately 10.0%, or HK$484.2 million, will be used over the next three years to further improve the Group's overall operations through enhancing technology capabilities, with a goal to improve operational efficiency;

- approximately 10.0%, or HK$484.2 million, will be used over the next three years to strengthen the Group's supply chain and product distribution capabilities, with a goal to support our expanding scale; and

- the remaining approximately 10.0%, or HK$484.2 million, will be used for working capital and general corporate purposes.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2022:

Purpose	Percentage to total amount	Net proceeds incurred from the Global Offering *HK$ (million)*	Actual use of proceeds up to December 31 2022 *HK$ (million)*	Unutilized amount as of December 31 2022 *HK$ (million)*	Expected timeline of full utilization of the remaining proceeds
Expand the Group's teahouse network and deepen the Group's market penetration	70.0%	3,389.8	1,063.8	2,326.0	June 2024
Further improve the Group's overall operations	10.0%	484.2	253.8	230.4	June 2024
Strengthen the Group's supply chain capabilities	10.0%	484.2	233.8	250.4	June 2024
Fund the Group's working capital and general corporate purposes	10.0%	484.2	195.7	288.5	June 2024
Total	100.0%	4,842.4	1,747.1	3,095.3	

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 18 to the consolidated financial statement and "Significant Investment" in this announcement, there has been no important events subsequent to the Reporting Period and up to the date of this announcement, which would affect the Group's business operations in material aspects.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in Renminbi)

	Note	**2022**	2021
		RMB'000	*RMB'000*
Revenue	*3*	**4,291,586**	4,296,618
Other income	*4*	**124,950**	27,339
Cost of materials		**(1,416,094)**	(1,400,674)
Staff costs	*5(b)*	**(1,362,115)**	(1,424,358)
Depreciation of right-of-use assets	*5(d)*	**(434,930)**	(420,272)
Other rentals and related expenses	*5(d)*	**(228,962)**	(212,996)
Depreciation and amortization of other assets	*5(d)*	**(263,183)**	(204,026)
Advertising and promotion expenses		**(142,933)**	(111,592)
Delivery service fees		**(380,520)**	(258,976)
Utilities expenses		**(113,556)**	(90,750)
Logistic and storage fees		**(123,112)**	(90,502)
Other expenses	*5(c)*	**(249,578)**	(176,325)
Other net losses	*5(e)*	**(130,865)**	(38,746)
Finance costs	*5(a)*	**(80,326)**	(91,547)
Share of losses of associates	*8*	**(1,288)**	–
Fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")		**(2,603)**	7,560
Fair value changes of financial liabilities at FVTPL		**(2,989)**	(11,330)
Fair value changes of convertible redeemable preferred shares		**–**	(4,329,052)
Loss before taxation	*5*	**(516,518)**	(4,529,629)
Income tax	*6(a)*	**40,712**	4,105
Loss for the year		**(475,806)**	(4,525,524)
Attributable to:			
Equity shareholders of the Company		**(469,327)**	(4,524,506)
Non-controlling interests		**(6,479)**	(1,018)
Loss for the year		**(475,806)**	(4,525,524)
Loss per share			
Basic and diluted (RMB)		**(0.27)**	(3.28)

There are no dividends payable to equity shareholders of the Company attributable to the profit for the year as disclosed in note 16(d).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in Renminbi)

	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(475,806)**	(4,525,524)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Currency translation differences	**281,025**	–
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	**1,110**	(40,446)
Total comprehensive income for the year	**(193,671)**	(4,565,970)
Attributable to:		
Equity shareholders of the Company	**(187,192)**	(4,564,952)
Non-controlling interests	**(6,479)**	(1,018)
Total comprehensive income for the year	**(193,671)**	(4,565,970)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

(Expressed in Renminbi)

	Note	**December 31, 2022** *RMB'000*	December 31, 2021 *RMB'000*
Non-current assets			
Property and equipment		**1,024,087**	801,363
Right-of-use assets		**1,273,285**	1,313,334
Intangible assets		**290**	457
Interests in associates	*8*	**24,292**	–
Deferred tax assets		**81,464**	44,238
Rental deposits		**163,930**	159,755
Other non-current assets	*9*	**402,673**	338,383
		2,970,021	2,657,530
Current assets			
Financial assets at FVTPL	*10*	**159,597**	46,200
Inventories	*11*	**126,284**	174,089
Trade and other receivables	*12*	**284,901**	176,963
Prepayments	*12*	**91,561**	169,109
Restricted bank deposits	*13*	**995**	51,749
Cash and cash equivalents	*13*	**1,387,495**	4,052,806
Term deposits	*14*	**1,818,846**	–
Other current assets	*9*	**100,000**	–
		3,969,679	4,670,916
Current liabilities			
Trade and other payables	*15*	**478,514**	654,208
Contract liabilities		**217,667**	218,054
Bank loans		**–**	428
Financial liabilities at FVTPL		**3,121**	8,376
Lease liabilities		**472,805**	421,153
Provisions		**1,282**	–
Current taxation		**29,180**	27,951
		1,202,569	1,330,170
Net current assets		**2,767,110**	3,340,746
Total assets less current liabilities		**5,737,131**	5,998,276

	Note	December 31, 2022 RMB'000	December 31, 2021 RMB'000
Non-current liabilities			
Lease liabilities		**949,493**	1,031,885
Provisions		**20,634**	17,934
Deferred tax liabilities		**1,420**	5,027
		971,547	1,054,846
NET ASSETS		**4,765,584**	4,943,430
CAPITAL AND RESERVES			
Share capital	*16*	**558**	558
Reserves		**4,771,173**	4,943,890
Total equity attributable to equity shareholders of the Company		**4,771,731**	4,944,448
Non-controlling interests		**(6,147)**	(1,018)
TOTAL EQUITY		**4,765,584**	4,943,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Nayuki Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on September 5, 2019 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation. The Company and its subsidiaries (together as "**the Group**") are principally engaged in the sales of freshly-made tea drinks, baked goods and other products and services in the People's Republic of China (the "**PRC**"). The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on June 30, 2021.

2 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 ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") 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. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 presentation of the financial statements

The consolidated financial statements for the year ended December 31, 2022 comprise the Company and its subsidiaries 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 loss per share information.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– Financial assets at FVTPL; and

– Financial liabilities at FVTPL.

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 recognized 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 these financial statements for the current accounting period:

- Amendments 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*

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:

Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group principally generates its revenue from the sales of freshly-made tea drinks, baked goods and other products and services through its operating teahouses and online food delivery applications mainly in the PRC.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and timing of revenue recognition is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
– Sales of freshly-made tea drinks	**3,135,326**	3,186,988
– Sales of baked goods and other products and services	**1,156,260**	1,109,630
	4,291,586	4,296,618
Disaggregated by timing of revenue recognition		
– Point in time	**4,283,058**	4,289,017
– Over time	**8,528**	7,601
	4,291,586	4,296,618

During the year ended December 31, 2022, the Group did not have any customer with which transactions have exceeded 10% of the Group's total revenue (2021: nil).

(ii) Performance obligation and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition policies**
Freshly-made tea drinks, baked goods and other products	Customers obtain control of the products when the goods are delivered to and have been accepted by the customers at the point in time.	Revenue is recognized when the goods are delivered and have been accepted by customers.
Service income from contracts with portable mobile phone charger's provider	The Company provides service to the portable mobile phone charger's provider over a period of time.	Revenue is recognized overtime as the services are provided, which is expected over next 12 to 36 months.
Trademark licensing income	The Company's grant of permission to the collaborated party to use its trademark on agreed commercial products overtime.	Revenue is recognized overtime as the services are provided, which is expected over next 12 to 24 months.

(iii) Revenue expected to be recognized in the future arising from contracts in existence as at the end of the reporting period

Contracts within the scope of IFRS 15

As at December 31, 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB9,617,000 (2021: RMB4,787,000). This amount represents revenue expected to be recognized in the future when the Group satisfies the remaining performance obligations.

(b) Segment reporting

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group has one operating segment, which is the sales of freshly-made tea drinks, baked goods and other products and services. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment.

Accordingly, no reportable segment information is presented.

As substantially all of the Group's operations and assets are in the PRC, no geographic information is presented.

4 OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Interest income on:		
– bank deposits	**26,492**	12,432
– term deposits	**26,905**	–
– rental deposits	**6,820**	6,691
– other financial assets	**4,996**	1,202
Government grants *(note (i))*	**49,561**	7,014
Additional deduction of input VAT *(note (ii))*	**10,176**	–
	124,950	27,339

Notes:

(i) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC. During the year, government grants received by certain subsidiaries were mainly related to foreign investment incentives.

(ii) The amount represented 10% additional deduction of input VAT granted by the government authorities in the PRC upon satisfaction of certain applicable regulatory criteria.

5 LOSS BEFORE TAXATION

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

		2022 *RMB'000*	2021 *RMB'000*
(a)	**Finance costs**		
	Interest on lease liabilities	**79,182**	88,757
	Interest on provisions	**1,144**	1,073
	Interest on bank loans	**–**	2,351
	Less: policy-based discount interest	**–**	(1,500)
	Interest on redeemable capital contributions	**–**	866
		80,326	91,547

		2022 *RMB'000*	2021 *RMB'000*
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**975,443**	1,010,861
	Contributions to defined contribution retirement plan *(note(i))*	**83,117**	66,263
	Equity-settled share-based payment expenses	**14,475**	32,732
		1,073,035	1,109,856
	Outsourced staff costs	**289,080**	314,502
		1,362,115	1,424,358

Note:

(i) Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

		2022 *RMB'000*	2021 *RMB'000*
(c)	**Other expenses**		
	Auditors' remuneration		
	– audit services	**2,900**	2,900
	– non-audit services	**38**	700
	Administrative expenses	**142,016**	72,631
	Travelling and business development expenses	**40,825**	31,873
	Other-party service fees	**23,257**	20,656
	Impairment losses		
	– property and equipment	**10,467**	2,620
	– right-of-use assets	**6,424**	4,224
	Write-down of inventories *(note 11(b))*	**1,477**	1,566
	Listing expenses	**–**	14,735
	Commissions	**7,730**	8,368
	Bank charge	**5,983**	7,289
	Others	**8,461**	8,763
		249,578	176,325

		2022	2021
		RMB'000	*RMB'000*
(d)	**Other items**		
	Amortization cost of intangible assets	**167**	167
	Depreciation		
	– property and equipment	**263,016**	203,859
	– right-of-use assets	**434,930**	420,272
		697,946	624,131
	Other rentals and related expenses	**228,962**	212,996
	Cost of inventories *(note (i), 11(b))*	**1,416,094**	1,400,674

Note:

(i) Cost of inventories mainly represented raw materials and consumables consumed during the sales of freshly-made tea drinks, baked goods and other products and services.

		2022	2021
		RMB'000	*RMB'000*
(e)	**Other net losses**		
	Loss on disposal of non-current assets	**48,053**	33,317
	Loss on stores closures	**9,671**	4,497
	Gains on reassessment of right-of-use assets and lease liabilities	**(13,469)**	(13,112)
	Loss on forward foreign exchange contracts	**60,917**	–
	Loss on foreign currency exchange	**17,870**	7,421
	Others	**7,823**	6,623
		130,865	38,746

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2022	2021
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**121**	11,556
Deferred tax		
Origination and reversal of temporary differences	**(40,833)**	(15,661)
	(40,712)	(4,105)

(b) Reconciliation between tax credit and accounting loss at applicable tax rates:

	2022	2021
	RMB'000	*RMB'000*
Loss before taxation	**(516,518)**	(4,529,629)
Calculated at the rates applicable to profit/loss in the jurisdictions concerned	**(127,048)**	(41,587)
Effect of preferential income tax rates of certain subsidiaries	**(387)**	(7,428)
Additional deduction for qualified research and development costs	**(7,456)**	(9,949)
Tax effect of non-deductible expenses	**6,340**	13,048
Tax effect of unused tax losses and deductible temporary differences not recognized	**69,591**	43,529
Tax effect of utilization of tax losses not recognized in previous years	**(1,213)**	(1,426)
Recognize the effect of temporary differences for which deferred tax asset was not recognized in previous years	**(638)**	(292)
Reversal of previously recognized deductible temporary differences	**20,099**	–
Actual tax credit	**(40,712)**	(4,105)

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 provision for Hong Kong Profits Tax is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first Hong Kong Dollars ("**HKD**") 2,000,000 and 16.5% for any assessable profits in excess of HKD 2,000,000. The Group's subsidiaries in Hong Kong did not have any assessable profits for the year ended December 31, 2022 (2021: nil).

(iii) Taxable income for the Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the year ended December 31, 2022 (2021: 25%), unless otherwise specified below.

Certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC and were entitled to a preferential income tax rate of 2.5% and 5% on taxable income for the first RMB1,000,000 and the subsequent RMB1,000,000 to RMB3,000,000, respectively, for the year ended December 31, 2022 (2021: 2.5% and 10%, respectively).

(iv) The subsidiaries in the United States of America and Japan of the Group did not have any assessable profits for the year ended December 31, 2022 (2021: nil).

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB469,327,000 (2021: RMB4,524,506,000) and the weighted average of 1,715,126,147 ordinary shares (2021: 1,377,499,646 ordinary shares) calculated as follows:

	2022	2021
	Number of shares	*Number of shares*
Issued shares at January 1,	**1,715,126,147**	986,911,287
Effect of re-designation of ordinary shares to preferred shares	**–**	(4,369,735)
Effect of shares issued to employee incentive platform	**–**	86,685,288
Effect of automatic conversion of convertible redeemable preferred shares into ordinary shares	**–**	178,581,036
Effect of shares issued by global offering	**–**	129,691,770
Weighted average number of ordinary shares at December 31,	**1,715,126,147**	1,377,499,646

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had potential ordinary shares from redeemable capital contributions, financial liabilities at FVTPL and convertible redeemable preferred shares for the year ended December 31, 2021. All potential ordinary shares convertible from redeemable capital contributions, financial liabilities at FVTPL and convertible redeemable preferred shares had been converted into ordinary shares upon the listing of the Company on June 30, 2021. As the Group incurred losses for the year ended December 31, 2021, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive.

There were no diluted potential ordinary shares for the year ended December 31, 2022.

Accordingly, diluted loss per share for the years ended December 31, 2022 and 2021 are same as basic loss per share.

8 INTERESTS IN ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation and business	Registered share capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by a subsidiary	Principal activity
Shanghai Ultimate Food Co., Ltd. (上海澳帝美食品有限公司) *(note (i)(ii))*	The PRC	RMB2,545,000	21.4%	21.4%	Sales of coffee and other products
Shanghai Jiu Wen Qian Food & Beverage Management Co., Ltd. (上海九文錢餐飲管理有限公司) *(note (i)(ii))*	The PRC	RMB1,248,477	19.9%	19.9%	Sales of fresh fruit teas and other products
Shenzhen Xing Fu Kai Brand Management Co., Ltd. (深圳市幸福開品牌管理有限公司) *(note (i)(ii))*	The PRC	RMB1,176,500	15.0%	15.0%	Sales of coffee and other products

Notes:

(i) The official name of these entities is in Chinese. The English translation of the name is for identification only.

(ii) Based on the investment agreement, the Group has the right to appoint one-third of the board members, allowing the Group to exercise significant influence over the investee's operational and financial directions.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associates that are not individually material:

	2022	2021
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**24,292**	–
Aggregate amounts of the Group's share of those associates'		
– Losses from continuing operations and total comprehensive income	**(1,288)**	–

9 OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

	2022	2021
	RMB'000	*RMB'000*
Current		
Certificates of deposit	**100,000**	–
Non-current		
Certificates of deposit	**170,000**	–
Prepayments for purchase of property	**204,115**	331,816
Prepayments for purchase of equipment	**26,892**	6,567
Others	**1,666**	–
	402,673	338,383

10 FINANCIAL ASSETS AT FVTPL

	2022	2021
	RMB'000	*RMB'000*
Listed equity investment *(note(i))*	**43,200**	46,200
Unlisted equity investment *(note (ii))*	**6,000**	–
Wealth management products *(note (iii))*	**110,397**	–
	159,597	46,200

Notes:

(i) The Group held equity interest in Tianye Innovation Corporation (田野創新股份有限公司) ("**Tianye**"), which has received formal approval from China Securities Regulatory Commission (the "**CSRC**") on December 21, 2022 for public issuance of ordinary shares on Beijing Stock Exchange and subsequently successfully listing on February 2, 2023. Fair value of Tianye is measured by referencing to the listing offer price.

(ii) The Group held unlisted equity investment engaged in sales of baked goods. Fair value of the unlisted equity investment 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.

(iii) Wealth management products, including wealth management products and structured deposits, are issued by financial institutions and banks in mainland China with a floating return which will be paid together with the principal with the maturity date within 1 year.

11 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2022	2021
	RMB'000	*RMB'000*
Raw materials	**72,976**	121,383
Bottled drinks	**3,193**	–
Packaging supplies and others	**50,115**	52,706
	126,284	174,089

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

	2022	2021
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**1,416,094**	1,400,674
Write-down of inventories	**1,477**	1,566
	1,417,571	1,402,240

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**3,178**	2,756
Input valued-added tax recoverable	**158,805**	146,449
Income tax recoverable	**1,770**	893
Amounts due from a related party	**13**	2,464
Loan to an ongoing investment *(note (i))*	**50,000**	–
Interest receivables	**28,694**	–
Other receivables	**42,441**	24,401
	284,901	176,963
Prepayments	**91,561**	169,109

The Company

	2022 *RMB'000*	2021 *RMB'000*
Amount due from subsidiaries	**–**	1,947,794
Other receivables	**21,008**	–
	21,008	1,947,794

Note:

(i) Pursuant to a working capital loan agreement entered between one of the Company's subsidiary and Shanghai Chatian Catering Management Co., Ltd. ("**Shanghai Chatian**"), which operates the "LELECHA" brand, the Company's subsidiary has provided a loan of RMB50,000,000 to enhance the short-term liquidity of Shanghai Chatian. The loan is unsecured and repayable within 180 days.

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

Ageing analysis

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

	2022 *RMB'000*	2021 *RMB'000*
Within 1 month	**1,233**	443
1 to 3 months	**1,845**	2,132
3 to 6 months	**100**	129
Over 6 months	**–**	52
	3,178	2,756

Trade receivables are due within 30 to 90 days from the date of billing.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2022	2021
	RMB'000	*RMB'000*
Cash at bank and on hand	**3,477,336**	4,104,555
Less: restricted bank deposits	**(995)**	(51,749)
Less: term deposits *(note 14)*	**(1,818,846)**	–
Less: certificates of deposit - current *(note 9)*	**(100,000)**	–
Less: certificates of deposit – non-current *(note 9)*	**(170,000)**	–
Cash and cash equivalents	**1,387,495**	4,052,806

Cash and cash equivalents presented in RMB are denominated in:

	2022	2021
	RMB'000	*RMB'000*
RMB	**719,504**	845,209
USD	**593,760**	29,718
HKD	**73,794**	3,177,651
JPY	**437**	228
	1,387,495	4,052,806

14 TERM DEPOSITS

Term deposits presented in RMB are denominated in:

	2022	2021
	RMB'000	*RMB'000*
HKD	**1,616,873**	–
USD	**201,973**	–
	1,818,846	–

Term Deposits are placed with China Merchants Bank and Bank of China with initial maturity terms of over three months.

15 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**169,875**	289,213
Other payables and accrued charges	**307,482**	362,509
Amounts due to a related party	**1,157**	2,486
	478,514	654,208

All trade and other payables (including amounts due to a related party) are expected to be settled or recognized as income within one year or are repayable on demand.

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

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**168,648**	287,942
More than 1 year	**1,227**	1,271
	169,875	289,213

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of Shares	Nominal Value
		RMB'000
Ordinary shares, issued and fully paid:		
At January 1, 2021	**986,911,287**	422
Reorganization	**–**	(100)
Re-designation of ordinary shares to series C preferred shares	**(4,531,117)**	(1)
Issuance of ordinary shares to employee incentive platform	**121,226,552**	40
Automatic conversion of preferred shares upon global offering	**354,250,425**	114
Global offering	**257,269,000**	83
At December 31, 2021, January 1, 2022 and December 31, 2022	**1,715,126,147**	558

The ordinary shares of the Company has a par value of USD 0.00005 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 payments reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at January 1, 2022	558	9,826,225	31,101	(52,927)	(4,517,173)	5,287,784
Changes in equity for the year ended December 31, 2022:						
Loss for the year	–	–	–	–	(29,143)	(29,143)
Other comprehensive income	–	–	–	484,738	–	484,738
Total comprehensive income	–	–	–	484,738	(29,143)	455,595
Equity-settled share-based transactions	–	–	14,475	–	–	14,475
RSUs vested	–	8,054	(8,054)	–	–	–
Share option exercised	–	7,989	(7,989)	–	–	–
Balance at December 31, 2022 *(note (i))*	558	9,842,268	29,533	431,811	(4,546,316)	5,757,854
Balance at January 1, 2021	322	(86,710)	10,355	4,858	(153,883)	(225,058)
Changes in equity for the year ended December 31, 2021:						
Loss for the year	–	–	–	–	(4,363,290)	(4,363,290)
Other comprehensive income	–	–	–	(57,785)	–	(57,785)
Total comprehensive income	–	–	–	(57,785)	(4,363,290)	(4,421,075)
Equity-settled share-based transactions	–	–	25,239	–	–	25,239
Re-designation of ordinary shares to series C preferred shares	(1)	(24,822)	–	–	–	(24,823)
Automatic conversion of preferred shares upon global offering	114	5,836,367	–	–	–	5,836,481
Issuance of ordinary shares upon global offering, net of issuance costs	83	4,096,878	–	–	–	4,096,961
Shares issued to employee incentive platform	40	19	–	–	–	59
RSUs vested	–	4,493	(4,493)	–	–	–
Balance at December 31, 2021 (note (i))	558	9,826,225	31,101	(52,927)	(4,517,173)	5,287,784

Note:

(i) Under the Companies Law (Revised) of the Cayman Islands, the funds in the reserve 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.

(c) Nature and purposes of reserves

(i) Share premium

Issuance of ordinary shares

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

Re-designation of ordinary shares to preferred shares

In prior years, the Group recognized the difference between the fair value and par value of ordinary shares resulted from the redesignation of ordinary shares to preferred shares amounted to RMB125,099,000.

Automatic conversion of all classes of preferred shares upon global offering

All classes of preferred shares were automatically converted into ordinary shares on a one-to-one ratio upon the Company's listing on June 30, 2021. The principal amount of all classes of preferred shares and the cumulative changes in fair value are capitalized as share capital and share premium accordingly.

(ii) Other reserve

Acquisition of non-controlling interests

In prior years, the Group acquired an additional 5% equity interest of certain subsidiaries from their non-controlling shareholders at consideration of nil in aggregate, the differences between the consideration paid and acquired proportionate interest in identifiable net assets of the subsidiaries of RMB5,087,000 was recognized as a deduction from other reserve.

(iii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share options and RSUs granted to the directors and employees of the Group.

For shares granted, the equity amount is transferred from share-based payment reserve to share premium.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements for operations outside of mainland China.

(d) Dividends

No dividends have been declared or paid by the Company during the year ended December 31, 2022 (2021: nil).

No final dividends were proposed after the end of reporting period (2021: nil).

(e) 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 monitors its capital structure on the basis of debt-to-asset ratio. This ratio is calculated as total liabilities divided by total assets. The Group's debt-to-asset ratio as at December 31, 2022 was 31.3% (2021: 32.5%).

Neither the Company nor its subsidiaries are subject to internally or externally imposed capital requirements.

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2022

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards, which are not yet effective for the year ended December 31, 2022 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 17, *Insurance Contracts*	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*	January 1, 2023
Amendments to IAS 8, *Definition of Accounting Estimate*	January 1, 2023
Amendments to IAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	January 1, 2023
Amendment to IFRS 17, *Initial Application of IFRS 7 and IFRS 9 - Comparative Information*	January 1, 2023
Amendment to IAS 1, *Classification of Liabilities as Current or Non-current*	January 1, 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	January 1, 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	January 1, 2024
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

18 SUBSEQUENT EVENTS

On December 5, 2022, the Group had entered into an investment agreement to acquire 43.64% of the shareholdings of Shanghai Chatian Catering Management Co., Ltd. (the "**Target Company**") with cash consideration totaling RMB525 million (the "**Transaction**"). The Target Company is principally engaged in the sales of freshly made tea drinks, baked goods and other products in the PRC under its flagship brand of "Lelecha". The Transaction is expected to be completed in the first half of 2023, subject to the satisfaction of certain regulatory approvals and other customary closing conditions.

Subsequent to the reporting period, the Transaction has received the "Decision on No Further Examination in relation to Concentration of Business Operators and Anti-monopoly Examination" (《經營者集中反壟斷審查不實施進一步審查決定書》) issued by the State Administration for Market Regulation of the PRC and the Group expects the Transaction will be completed in time in the first half of 2023.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with all applicable code provisions as set out in the CG Code save for the deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhao Lin is currently the Chairman and Chief Executive Officer.

Mr. Zhao has served as a director of Shenzhen Pindao Management from February 2017 to October 2020 and a Director of our Company since June 2020. He is the founder of our Group and has extensive experience in the business operations and management of our Group. Our Directors believe that it is beneficial to the business operations and management of the Group that Mr. Zhao serves as both the Chairman and the Chief Executive Officer. This structure will enable our Company to make and implement decisions promptly and effectively. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Zhang Rui, Mr. Liu Yiwei and Mr. Chen Qunsheng. Ms. Zhang Rui, with appropriate accounting and financial management expertise, has been appointed as the chairperson of the Audit Committee. The primary duties of the Audit Committee are to review financial information of the Company and oversee the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2022. 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. The Audit Committee considered that the consolidated results of the Group for the year ended December 31, 2022 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

FINAL DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended December 31, 2022 (2021: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, June 21, 2023, the register of members of the Company will be closed from Friday, June 16, 2023 to Wednesday, June 21, 2023 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the AGM, all share certificates with completed transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, June 15, 2023.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2022, 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, 2022 as set out in this Results Announcement have been compared by KPMG to the amounts set out in the Group's audited consolidated financial statements for the year. The Company's Auditor made no comments as to the reasonableness or appropriateness of those assumptions of the "adjusted net loss" as presented in this Results Announcement. The work performed by KPMG in this respect did not constitute an 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 KPMG on this Results Announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Results Announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.naixuecha.com.

The Company's annual report for the year ended December 31, 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders and will also be published on the respective websites of the Company at www.naixuecha.com and the Stock Exchanges at www.hkexnews.hk in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"2020 Share Incentive Plan"	the share incentive plan of the Company approved and adopted on May 15, 2020
"2020 Share Option Plan"	the share option plan of the Company approved and adopted on May 15, 2020
"AGM"	the forthcoming annual general meeting of the Company proposed to be held on Wednesday, June 21, 2023
"associate(s)"	has the meaning ascribed to it under the Listing Rules

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of our Company
"Company"	Nayuki Holdings Limited (奈雪的茶控股有限公司) (formerly known as Pindao Holdings Limited (品道控股有限公司)), an exempted company with limited liability incorporated in the Cayman Islands on September 5, 2019, whose Shares are listed and traded on the Stock Exchange
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, means Mr. Zhao, Ms. Peng, Linxin Group, Linxin International, Linxin Holdings and Crystal Tide Profits Limited
"Director(s)"	member(s) of the board of directors of the Company, including all executive, non-executive and independent non-executive directors
"Group," "our Group," "we" or "us"	the Company and our subsidiaries (or the Company and any one or more of our subsidiaries, as the context may require)
"HK$" or "HKD" or "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

"Linxin Group"	Linxin Group Limited, a company incorporated in the BVI on December 29, 2020, one of our Controlling Shareholders
"Linxin Holdings"	Linxin Holdings Limited (林心控股有限公司), a company incorporated in the BVI on September 5, 2019, one of our Controlling Shareholders
"Linxin International"	Linxin International Limited, a company incorporated in the BVI on December 29, 2020, one of our Controlling Shareholders
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus of the Company dated June 18, 2021
"PRC" or "China" or the "People's Republic of China"	the People's Republic of China and, except where the context otherwise requires, references in this announcement to the PRC or China do not apply to Hong Kong SAR, Macau SAR or Taiwan Province
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2022
"Shanghai Chatian"	Shanghai Chatian Catering Management Co., Ltd.* (上海茶田餐飲管理有限公司), a company with limited liability established and existing under the laws of the PRC
"Share(s)"	share(s) of the Company of nominal value of US$0.00005 each

"Shareholder(s)"	holder(s) of the Shares
"Shenzhen Pindao Management"	Shenzhen Pindao Food & Beverage Management Co., Ltd.* (深圳市品道餐飲管理有限公司), a company incorporated in the PRC on May 12, 2014 and a wholly owned subsidiary of our Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"%"	per cent

By order of the Board
Nayuki Holdings Limited
ZHAO Lin
Chairman

Shenzhen, the PRC, March 30, 2023

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 Takwai as non-executive directors; and Mr. CHEN Qunsheng, Mr. LIU Yiwei and Ms. ZHANG Rui as independent non-executive directors.

* *For identification purpose only*