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Jiumaojiu International Holdings Limited

九毛九国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9922)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Jiumaojiu International Holdings Limited (九毛九国际控股有限公司) (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended June 30, 2024, together with comparative figures for the six months ended June 30, 2023.

KEY FINANCIAL HIGHLIGHTS

	For the six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	3,064,227	2,879,422
Store level operating profit ⁽¹⁾	392,862	575,179
Profit before taxation	87,928	325,379
Profit for the period	67,970	238,401
Profit for the period attributable to equity shareholders of the Company	72,291	222,212
Adjusted net profit ⁽²⁾	<u>77,154</u>	<u>247,887</u>

Notes:

- (1) The Group defines store level operating profit as store level revenue for the period deducting the following expenses at store level: (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utility expenses, (vii) advertising and promotion expenses and (viii) other expenses, excluding unallocated headquarter expenses.
- (2) The Group defines adjusted net profit as profit for the period adding equity-settled share-based payment expenses, which are non-recurring charges.

KEY OPERATIONAL HIGHLIGHTS

As of/for the six months ended
June 30,

	2024	2023
Number of restaurants⁽¹⁾	771	621
Seat turnover rate⁽²⁾		
Tai Er (<i>self-operated</i>)	2.7	3.1
Song Hot Pot.	2.0	2.8
Jiu Mao Jiu	1.8	1.7
Table turnover rate⁽³⁾		
Tai Er (<i>self-operated</i>)	3.8	4.3
Song Hot Pot.	2.9	3.9
Jiu Mao Jiu	2.8	2.8
Average spending per customer (RMB)⁽⁴⁾		
Tai Er (<i>self-operated</i>)	71	75
Song Hot Pot.	110	121
Jiu Mao Jiu	56	59
Same store sales (RMB'000)⁽⁵⁾		
Tai Er (<i>self-operated</i>)	1,708,563	2,021,142
Song Hot Pot.	193,697	296,517
Jiu Mao Jiu	253,252	276,885
Same store sales growth (%)		
Tai Er (<i>self-operated</i>)	(15.5)	
Song Hot Pot.	(34.7)	
Jiu Mao Jiu	(8.5)	

Notes:

- (1) As of June 30, 2024, we had 766 self-operated restaurants and five franchised/cooperative model restaurants.
- (2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the period.
- (3) Calculated by dividing total tables served by the product of total restaurant operation days and average table count during the period.
- (4) Calculated by dividing revenue generated from the restaurant operations for the period by total customer traffic for the period.
- (5) Same store sales for the period refers to the revenue of all restaurants that qualified as same stores during that period. The Group defines its same store base to be those restaurants that opened for at least 150 days in the first half of both 2023 and 2024.

BUSINESS REVIEW AND OUTLOOK

Overview

In the first half of 2024, the Group continued to adhere to its multi-brand and multi-concept strategy and explored new business opportunities, aiming to further expand its market share and maintain its market position as a leading Chinese cuisine restaurant brand manager and operator in the People's Republic of China (“**PRC**”). Facing the ever-changing and challenging external environment in the post-pandemic era, the Group actively adjusted its business strategies and further expanded its restaurant network in the first half of 2024. The Group continued to optimize its portfolio of restaurant brands and focus on brands with greater growth potential. In the first half of 2024, the Group has taken a relatively prudent approach on the restaurant network expansion of Tai Er brand and Song Hot Pot brand. The Group also introduced the new Shandeshanwaimian Suantang Hot Pot (山的山外面酸湯火鍋) (“**Shanwaimian**”) brand in February 2024 and disposed Uncle Chef brand and three Lai Mei Li restaurants in mainland China in the first half of 2024 and July 2024, respectively. Additionally, the Group introduced the franchise model for Tai Er brand in Xinjiang, Xizang and Taiwan region of China, transportation hubs within mainland China, Australia and New Zealand and the cooperative model for Shanwaimian brand in certain designated shopping malls in China.

As of June 30, 2024, the Group had 766 self-operated restaurants and five franchised/cooperative model restaurants, covering 145 cities in the PRC, Singapore, two cities in Canada, one city in Malaysia, one city in Thailand and two cities in the United States.

The Group recorded revenue of RMB3,064.2 million for the six months ended June 30, 2024, representing an increase of 6.4% compared with revenue of RMB2,879.4 million for the corresponding period in 2023. However, profit for the period of the Group decreased by 71.5% from RMB238.4 million for the six months ended June 30, 2023 to RMB68.0 million for the six months ended June 30, 2024.

2024 Interim Business and Financial Performance Review

Restaurant network

In the first half of 2024, the Group opened 59 new restaurants, comprising 38 Tai Er restaurants (including two franchised restaurants), 13 Song Hot Pot restaurants, seven Shanwaimian restaurants (including three cooperative model restaurants) and one Jiu Mao Jiu restaurant. Among all restaurants of the Group, 14 restaurants were closed in the first half of 2024, primarily due to (i) the termination of the relevant lease agreements upon expiry, (ii) unsatisfactory performance of some restaurants, and (iii) the disposal of the Uncle Chef restaurant to a third party.

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

	As of June 30,	
	2024	2023
Number of restaurants		
Tai Er	614 ⁽¹⁾	496
– Mainland China	592 ⁽¹⁾	488
– Others.	22	8
Song Hot Pot.	73	43
Jiu Mao Jiu	72	75
Uncle Chef	– ⁽²⁾	1
Lai Mei Li.	4 ⁽³⁾	6
Fresh Wood.	1	–
Shanwaimian.	7 ⁽⁴⁾	–
Total.	771	621

Notes:

- (1) Including two franchised Tai Er restaurants.
- (2) Uncle Chef brand had been disposed in April 2024.
- (3) The Group had disposed three Lai Mei Li restaurants in mainland China to an independent third party in July 2024.
- (4) Including three cooperative model Shanwaimian restaurants.

Performance of self-operated restaurants

The table below sets forth the key performance indicators of the Group's self-operated restaurants by brand for the periods indicated:

	For the six months ended	
	June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue (RMB'000)		
Tai Er	2,243,816	2,184,164
Song Hot Pot.	430,986	351,710
Jiu Mao Jiu	291,329	317,083
Uncle Chef	1,555	6,523
Lai Mei Li.	19,537	13,183
Fresh Wood.	8,346	–
Shanwaimian.	11,551	–
Seat turnover rate⁽¹⁾		
Tai Er	2.7	3.1
– Mainland China	2.7	3.1
– Others.	3.3	3.9
Song Hot Pot.	2.0	2.8
Jiu Mao Jiu	1.8	1.7
Lai Mei Li.	2.2	3.6
Fresh Wood.	1.4	–
Shanwaimian.	3.6	–
Table turnover rate⁽²⁾		
Tai Er	3.8	4.3
– Mainland China	3.7	4.2
– Others.	4.7	5.5
Song Hot Pot.	2.9	3.9
Jiu Mao Jiu	2.8	2.8
Lai Mei Li.	2.9	4.7
Fresh Wood.	1.7	–
Shanwaimian.	5.5	–
Average spending per customer⁽³⁾ (RMB)		
Tai Er	71	75
– Mainland China	66	73
– Others.	163	172
Song Hot Pot.	110	121
Jiu Mao Jiu	56	59
Lai Mei Li.	84	68
Fresh Wood.	582	–
Shanwaimian.	82	–

Notes:

- (1) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the period.
- (2) Calculated by dividing total tables served by the product of total restaurant operation days and average table count during the period.
- (3) Calculated by dividing revenue generated from restaurant operations for the period by total customer traffic for the period.

The seat turnover rate and table turnover rate of Tai Er and Song Hot Pot decreased in the first half of 2024 primarily due to the decrease in customer traffic as a result of the challenging external environment. The decrease in average spending per customer of Tai Er in mainland China and Song Hot Pot was a result of the Group's adjustment to menu offerings and food prices, taking into account both internal and external factors such as market conditions and competitive landscape in the industry. Despite such decreases, the restaurants of the Group's brands continue to perform satisfactorily in terms of revenue. In particular, revenue contribution from Song Hot Pot increased by 22.5%.

Same store sales

The table below sets forth details of the Group's same store sales of its self-operated restaurants by brand for the periods indicated:

	For the six months ended June 30,			
	2024	2023	2023	2022
Number of same store⁽¹⁾				
Tai Er	437		297	
Song Hot Pot.	27		6	
Jiu Mao Jiu	65		71	
Same store sales⁽²⁾ (RMB'000)				
Tai Er	1,708,563	2,021,142	1,471,206	1,266,987
Song Hot Pot.	193,697	296,517	83,270	66,404
Jiu Mao Jiu	253,252	276,885	299,644	277,990
Same store sales growth (%)				
Tai Er	(15.5)		16.1	
Song Hot Pot.	(34.7)		25.4	
Jiu Mao Jiu	(8.5)		7.8	

Notes:

- (1) The Group defines its same store base to be those restaurants that opened for at least 150 days in the first half of both 2022 and 2023, and in the first half of both 2023 and 2024.
- (2) Same store sales for the period refer to the revenue of all restaurants that qualified as same stores during that period.

Outlook

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

- ***Replicate the Group's success through further expansion.*** The Group has been closely monitoring the external environment and adjusting the timeline of its restaurant network expansion plan for different brands as and when appropriate. In consideration of the changes in the external environment, looking ahead, the Group will adopt a more prudent restaurant network expansion strategy and adjust its expansion target for 2024 to open 25 new Song Hot Pot restaurants, 80 new Tai Er restaurants (self-operated) in mainland China and 13 new Tai Er restaurants (self-operated) outside mainland China.
- ***Continue to expand into more market segments by pursuing a multi-brand and multi-concept strategy.*** The Group continues to closely track the dining trend and preference of customers and adjust the brand portfolio to focus on brands which it believes to have greater growth potential. For example, the Group introduced Song Hot Pot in 2020, and disposed Uncle Chef brand in the first half of 2024 and three Lai Mei Li restaurants in mainland China in July 2024 in order to maintain an optimal portfolio of restaurant brands. In addition, in February 2024, the Group launched Shanwaimian brand, another new brand of the Group's brand portfolio, offering Guizhou style sour soup hot pots. The Group will also invest in companies in the catering service industry. The Group intends to identify targets which adopt innovative business models and possess development and growth potential, or whose business models can create synergies with the Group's business and fit into the multi-brand development strategy of the Group. The Group continues to look for potential targets. The Group believes its multi-brand and multi-concept strategy allows it to further expand into more market segments, capture market opportunities, broaden its customer base and ultimately increase its market share. The collaboration with various young and innovative brands would enable the Group to stay attuned to market trends. The Group will keep exploring potential opportunities and may further adjust and/or expand its brand portfolio to maintain its competitive advantage.

- ***Continue to strengthen the Group’s supply chain and support capabilities.*** The Group has commenced the construction of its supply chain center in Southern China. Further, in the first half of 2024, the Group has also commenced the construction of its central kitchen in Eastern China and a production plant of hot pot base and compound condiments in Southwest China, to enhance its supply chain capabilities in support of its restaurant network expansion plan. In addition, the Group will continue its cooperation with suppliers of key ingredients by way of joint ventures or other means to secure stable supply of key ingredients as well as to better mitigate risks concerning food safety.
- ***Expand into the global markets to gain international presence.*** The Group currently operates Tai Er restaurants in Canada, Malaysia, Singapore, Thailand and the United States as well as one Lai Mei Li restaurant in Singapore. The Group will continue to carry out comprehensive research into potential overseas target markets and carefully evaluate and select appropriate locations for its expansion to gain international presence. The Group will prioritize countries and cities with high population of Chinese people, such as North America, Southeast Asia, Oceania, and other overseas Chinese communities, for its future expansion.
- ***Introduce franchise and cooperative model for regional and international expansion.*** The Group has determined to further expand its restaurant network through diversified business models, i.e. the franchise and cooperative models for, Tai Er and Shanwaimian, as announced on February 3, 2024. This strategic move is designed to fast-track the regional and international expansion of Tai Er, with franchising opportunities springing forth across Xinjiang, Xizang and Taiwan region of China, transportation hubs within mainland China, and extending to the shores of Australia and New Zealand. Simultaneously, Shanwaimian has embarked on a cooperative model within designated Chinese shopping malls, setting the stage for a full franchise rollout from February 3, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue increased by 6.4% from RMB2,879.4 million for the six months ended June 30, 2023 to RMB3,064.2 million for the same period in 2024.

Revenue by segment

The Group generates revenue from four segments, including the operation of Tai Er, Song Hot Pot, Jiu Mao Jiu and others, including the operation of other brands such as Lai Mei Li, Fresh Wood and Shanwaimian and the operation of the Group's all other business. The following table sets forth a breakdown of the Group's revenue by segment for the periods indicated:

	For the six months ended June 30,			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Tai Er	2,248,397	73.4	2,188,318	76.0
Song Hot Pot.	431,395	14.1	352,248	12.3
Jiu Mao Jiu	292,111	9.5	317,833	11.0
Others ⁽¹⁾	92,324	3.0	21,023	0.7
Total	3,064,227	100.0	2,879,422	100.0

Note:

(1) Revenue from others mainly included the operation of other brands such as Lai Mei Li, Fresh Wood and Shanwaimian, and the operation of the Group's all other business.

Revenue from Tai Er increased by 2.7% from RMB2,188.3 million for the six months ended June 30, 2023 to RMB2,248.4 million for the same period in 2024, primarily due to the restaurant network expansion of Tai Er from 496 restaurants as of June 30, 2023 to 614 restaurants as of June 30, 2024, partially offset by the decreases in table turnover rate and average spending per customer of the Group's Tai Er restaurants. Revenue from Tai Er as a percentage of total revenue decreased from 76.0% for the six months ended June 30, 2023 to 73.4% for the same period in 2024, primarily due to the expansion of other brands of the Group.

Revenue from Song Hot Pot increased by 22.5% from RMB352.2 million for the six months ended June 30, 2023 to RMB431.4 million for the same period in 2024, primarily due to the restaurant network expansion of Song Hot Pot from 43 restaurants as of June 30, 2023 to 73 restaurants as of June 30, 2024, partially offset by the decreases in table turnover rate and average spending per customer of the Group's Song Hot Pot restaurants. As a result, revenue from Song Hot Pot as a percentage of total revenue increased from 12.3% for the six months ended June 30, 2023 to 14.1% for the same period in 2024.

Revenue from Jiu Mao Jiu decreased by 8.1% from RMB317.8 million for the six months ended June 30, 2023 to RMB292.1 million for the same period in 2024, primarily due to the decrease in number of restaurants and average spending per customer of the Group's Jiu Mao Jiu restaurants. Revenue from Jiu Mao Jiu as a percentage of total revenue decreased from 11.0% for the six months ended June 30, 2023 to 9.5% for the same period in 2024, primarily due to the continuous expansion of other brands' restaurant network.

Revenue from others increased by 339.5% from RMB21.0 million for the six months ended June 30, 2023 to RMB92.3 million for the same period in 2024, primarily due to (i) revenue contribution of Fresh Wood and Shanwaimian, which were introduced in the second half of 2023 and the first half of 2024, respectively, and (ii) the increase in revenue generated from selling goods to third parties. As a result, revenue from others as a percentage of total revenue increased from 0.7% for the six months ended June 30, 2023 to 3.0% for the same period in 2024.

Revenue by service line

Services provided by the Group or activities it engages in currently comprise (i) restaurant operations, (ii) delivery business, (iii) sales of goods, and (iv) others, mainly including franchised and cooperative model revenue; The following table sets forth a breakdown of the Group's revenue from each service line for the periods indicated:

	For the six months ended June 30,			
	2024		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Restaurant operations	2,496,886	81.5	2,426,284	84.2
Delivery business	510,163	16.6	445,818	15.5
Sales of goods ⁽¹⁾	54,962	1.8	6,734	0.2
Others ⁽²⁾	2,216	0.1	586	0.1
Total	<u>3,064,227</u>	<u>100.0</u>	<u>2,879,422</u>	<u>100.0</u>

Note:

- (1) Revenue from sales of goods was included in revenue from others in prior periods. Revenue from others for the six months ended June 30, 2023 is updated to conform to current presentation.
- (2) Revenue from others mainly include franchised and cooperative model revenue.

Revenue from restaurant operations increased by 2.9% from RMB2,426.3 million for the six months ended June 30, 2023 to RMB2,496.9 million for the same period in 2024, primarily due to the Group's restaurant network expansion, while partially offset by the decrease in same store sales. Revenue from restaurant operations as a percentage of total revenue decreased from 84.2% for the six months ended June 30, 2023 to 81.5% for the same period in 2024, primarily due to the increase in revenue as a percentage of total revenue from delivery business and sales of goods.

Revenue from delivery business increased by 14.4% from RMB445.8 million for the six months ended June 30, 2023 to RMB510.2 million for the same period in 2024, primarily due to an increase in the number of restaurants that offer delivery services along with the Group's restaurant network expansion and the introduction of satellite store model for its delivery services. As a result, revenue from delivery business as a percentage of total revenue increased from 15.5% for the six months ended June 30, 2023 to 16.6% for the same period in 2024.

Revenue from sales of goods increased significantly by 720.9% from RMB6.7 million for the six months ended June 30, 2023 to RMB55.0 million for the same period in 2024, primarily due to the increase in revenue generated from selling goods to third parties. As a result, revenue from others as a percentage of total revenue increased from 0.2% for the six months ended June 30, 2023 to 1.8% for the same period in 2024.

Revenue from others increased by 266.7% from RMB0.6 million for the six months ended June 30, 2023 to RMB2.2 million for the same period in 2024, primarily due to the introduction of franchise and cooperative model in the first half of 2024. Revenue from others as a percentage of total revenue remained stable at 0.1% for both the six months ended June 30, 2023 and 2024.

Other Revenue

The Group's other revenue decreased by 37.4% from RMB53.2 million for the six months ended June 30, 2023 to RMB33.3 million for the same period in 2024, primarily due to (i) a decrease in income from value-added tax super deduction and exemption and (ii) a decrease in government grants.

Raw Materials and Consumables Used

The Group's raw materials and consumables used increased by 5.3% from RMB1,042.4 million for the six months ended June 30, 2023 to RMB1,097.2 million for the same period in 2024, primarily in line with its revenue growth. Raw materials and consumables used as a percentage of revenue decreased from 36.2% for the six months ended June 30, 2023 to 35.8% for the same period in 2024, primarily due to the decrease in procurement cost of raw materials.

Staff Costs

The Group's staff costs increased by 24.6% from RMB717.6 million for the six months ended June 30, 2023 to RMB894.1 million for the same period in 2024, primarily due to an increase in the number of store level employees of the Group arising from its restaurant network expansion. Staff costs as a percentage of revenue increased from 24.9% for the six months ended June 30, 2023 to 29.2% for the same period in 2024, primarily due to the decrease in same store sales.

Depreciation of Right-of-use Assets

Depreciation of right-of-use assets increased by 26.1% from RMB227.4 million for the six months ended June 30, 2023 to RMB286.7 million for the same period in 2024, primarily due to an increase in the number of restaurants of the Group. Depreciation of right-of-use assets as a percentage of revenue increased from 7.9% for the six months ended June 30, 2023 to 9.4% for the same period in 2024, primarily due to the decrease in same store sales.

Other Rentals and Related Expenses

The Group's other rentals and related expenses decreased by 1.2% from RMB67.1 million for the six months ended June 30, 2023 to RMB66.3 million for the same period in 2024, primarily due to a decrease in variable rent payments as a result of a decrease in same store sales. Other rentals and related expenses as a percentage of revenue remained relatively stable at 2.3% and 2.2% for the six months ended June 30, 2023 and 2024, respectively.

Depreciation and Amortization of Other Assets

Depreciation and amortization of other assets increased by 28.6% from RMB109.1 million for the six months ended June 30, 2023 to RMB140.3 million for the same period in 2024, primarily due to an increase in restaurant decoration expenditures and purchases of kitchen and other equipment along with the restaurant network expansion of the Group. Depreciation and amortization of other assets as a percentage of revenue increased from 3.8% for the six months ended June 30, 2023 to 4.6% for the same period in 2024, primarily due to the decrease in same store sales.

Utility Expenses

The Group's utility expenses increased by 22.7% from RMB100.6 million for the six months ended June 30, 2023 to RMB123.4 million for the same period in 2024, primarily due to the expansion of restaurant network of the Group. Utility expenses as a percentage of revenue increased from 3.5% for the six months ended June 30, 2023 to 4.0% for the same period in 2024, primarily because of the decrease in same store sales.

Travelling and Related Expenses

The Group's travelling and related expenses decreased by 18.5% from RMB16.8 million for the six months ended June 30, 2023 to RMB13.7 million for the same period in 2024, primarily because the Group's staff traveled less frequently for daily operations. Travelling and related expenses as a percentage of revenue remained relatively stable at 0.6% and 0.4% for the six months ended June 30, 2023 and 2024, respectively.

Advertising and Promotion Expenses

The Group's advertising and promotion expenses increased by 46.7% from RMB32.1 million for the six months ended June 30, 2023 to RMB47.1 million for the same period in 2024, primarily due to an increase in advertisement placement. As a result, advertising and promotion expenses as a percentage of revenue increased from 1.1% for the six months ended June 30, 2023 to 1.5% for the same period in 2024.

Other Expenses

The Group's other expenses increased by 13.7% from RMB191.0 million for the six months ended June 30, 2023 to RMB217.1 million for the same period in 2024, primarily due to an increase in transportation and related expenses of RMB28.5 million.

Share of Losses of Associates

The Group's share of losses of associates decreased by 41.4% from RMB2.9 million for the six months ended June 30, 2023 to RMB1.7 million for the same period in 2024, primarily due to the decrease of losses incurred by the associates the Group invested in.

Other Net Losses

The Group's other net losses decreased by 48.4% from RMB57.2 million for the six months ended June 30, 2023 to RMB29.5 million for the same period in 2024, primarily due to a decrease in net foreign exchange losses of RMB31.9 million.

Finance Costs

The Group's finance costs increased by 24.8% from RMB42.7 million for the six months ended June 30, 2023 to RMB53.3 million for the same period in 2024, primarily due to an increase in interest on lease liabilities recognized in accordance with IFRS 16 associated with the Group's increased number of leases as a result of the expansion of its restaurant network.

Impairment Losses of Property, Plant and Equipment and Right-of-use Assets

Impairment losses of property, plant and equipment and right-of-use assets increased significantly from RMB0.3 million for the six months ended June 30, 2023 to RMB39.4 million for the same period in 2024, primarily because the Group had prudently made provisions for impairment of assets considering the unsatisfactory performance of some restaurants.

Income Tax

The Group's income tax expenses decreased by 77.0% from RMB87.0 million for the six months ended June 30, 2023 to RMB20.0 million for the same period in 2024, primarily due to the decrease of taxable income.

Profit for the Period

As a result of the foregoing, profit for the period decreased by 71.5% from RMB238.4 million for the six months ended June 30, 2023 to RMB68.0 million for the same period in 2024.

Other Comprehensive Income for the Period

The Group holds equity investments in several entities in the PRC. The entities are mainly engaged in the catering industry. The Group recorded profit resulting from equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling) of RMB1.9 million for the six months ended June 30, 2024 primarily due to the relatively low valuation of its investments as a result of challenging macroeconomic environment in the period, as compared with RMB8.2 million for the six months ended June 30, 2023 as a result of the recovery of restaurant operations from the Pandemic.

The Group recorded exchange differences on translation of financial statements of operations outside the mainland China of RMB16.6 million for the six months ended June 30, 2024 as other comprehensive income, as compared with RMB74.3 million for the six months ended June 30, 2023, primarily due to exchange rate fluctuations.

Non-IFRS Measures

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

Store Level Operating Profit and Store Level Operating Profit Margin

The Group believes that store level operating profit helps shareholders of the Company (the “**Shareholders**”) and investors better understand its multi-brand and multi-concept strategy by directly illustrating the profitability of its different brands at store level, and that it is frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group defines store level operating profit as store level revenue for the period deducting the following expenses at store level: (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utility expenses, (vii) advertising and promotion expenses and (viii) other expenses, excluding unallocated headquarter expenses. The following table illustrates the Group’s store level operating profit and store level operating profit margin by brands for the periods indicated:

	For the six months ended June 30,			
	2024		2023	
	Store Level Operating Profit RMB’000 (Unaudited)	Store Level Operating Profit Margin (%)	Store Level Operating Profit RMB’000 (Unaudited)	Store Level Operating Profit Margin (%)
Tai Er	310,619	13.8	466,917	21.3
Song Hot Pot.	36,899	8.6	48,370	13.7
Jiu Mao Jiu	49,457	16.9	60,866	19.2
Other brands	(4,113)	(9.8)	(974)	(4.6)
Total	<u>392,862</u>	<u>13.0</u>	<u>575,179</u>	<u>20.0</u>

Adjusted Net Profit and Adjusted Net Profit Margin

The presentation of adjusted net profit facilitates comparisons of operating performance from period to period and company to company, by eliminating potential impacts of items that the management does not consider indicative of the Group’s operating performance. Equity-settled share-based payment expenses are non-operational expenses arising from granting restricted stock units and share options to selected executives and employees, the amount of which may not directly correlate with the underlying performance of the Group’s business operations. The Group believes that the adjusted net profit is frequently used by other interested parties when evaluating the performance of a company.

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

	For the six months ended	
	June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	67,970	238,401
Add:		
Equity-settled share-based payment expenses	9,184	9,486
Adjusted net profit	77,154	247,887
Revenue	3,064,227	2,879,422
Adjusted net profit margin (%)	2.5	8.6

Inventories

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

	As of	As of
	June 30,	December 31,
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Food ingredients	91,293	83,877
Condiment product	33,228	29,331
Beverage	5,171	4,445
Other materials	16,841	14,421
Total	146,533	132,074

The Group's inventories increased by 10.9% from RMB132.1 million as of December 31, 2023 to RMB146.5 million as of June 30, 2024, primarily due to the expansion of restaurant network of the Group.

The Group's inventory turnover days for the year ended December 31, 2023 and for the six months ended June 30, 2024, being the average of the beginning and ending balances of inventories for that year/period divided by raw materials and consumables used for the same year/period and multiplied by the number of days in that year/period, was 21.3 days and 22.9 days, respectively. The increase in its inventory turnover days was primarily due to slower rate of inventory consumption.

Right-of-use Assets

The Group's right-of-use assets, which represented the leases for its restaurant premises, headquarters offices, central kitchens and certain kitchen equipment, increased by 4.9% from RMB2,007.9 million as of December 31, 2023 to RMB2,106.9 million as of June 30, 2024, primarily due to the increase in the number of Tai Er restaurants and Song Hot Pot restaurants.

Trade Debtors

Trade debtors of the Group primarily consisted of (i) bills settled through third party payment platforms such as Alipay or WeChat Pay, which were normally settled within a short period of time, (ii) bills for its delivery business settled through third party delivery service platforms, which were settled within three calendar days, and, to a lesser extent, (iii) bills received by shopping malls on behalf of the Group for certain restaurants, which were normally settled within one month, (iv) debtors generated from sales of goods, which were normally settled within one month. Trade debtors of the Group increased by 47.1% from RMB37.6 million as of December 31, 2023 to RMB55.3 million as of June 30, 2024, primarily due to the expansion of restaurant network of the Group and the expansion of sales of goods to third parties. The Group's trade debtors turnover days, being the average of the beginning and ending balances of trade debtors for that year/period divided by revenue for the same year/period and multiplied by the number of days in that year/period, increased from 1.8 days for the year ended December 31, 2023 to 2.7 days for the six months ended June 30, 2024, primarily due to the increase in debtors generated from selling goods.

Trade Payables

Trade payables of the Group primarily consisted of payables to suppliers. Trade payables of the Group decreased by 16.9% from RMB209.3 million as of December 31, 2023 to RMB174.0 million as of June 30, 2024, primarily due to the timely settlement of the Group's purchases. The Group's trade payables turnover days, being the average of the beginning and ending balances of trade payables for that year/period divided by raw materials and consumables used for the same year/period and multiplied by the number of days in that year/period, remained relatively stable at 33.9 days for the year ended December 31, 2023 and 31.4 days for the six months ended June 30, 2024, respectively.

Loans and Advances to Associates

As of June 30, 2024, the Group's loans and advances to associates amounted to RMB130.6 million (as of December 31, 2023: RMB142.6 million). Such loans and advances were mainly provided to associates that supplied food ingredients to the Group to secure stable supply of key food ingredients.

Other Non-current Financial Assets

Other non-current financial assets of the Group include investments in unlisted and listed equity securities, investments in limited partnership enterprises, investments in funds and key management insurance contracts. Other non-current financial assets of the Group increased from RMB137.3 million as of December 31, 2023 to RMB381.1 million as of June 30, 2024, primarily due to the purchase of key management insurance in the first half of 2024 in the amount of RMB242.9 million, the policyholder and beneficiary of which is the Company.

Capital Structure

The Group's total assets increased from RMB6,520.9 million as of December 31, 2023 to RMB6,525.2 million as of June 30, 2024. The Group's total liabilities increased from RMB3,163.9 million as of December 31, 2023 to RMB3,359.9 million as of June 30, 2024. Liabilities-to-assets ratio increased from 48.5% as of December 31, 2023 to 51.5% as of June 30, 2024.

The current ratio, being current assets divided by current liabilities as of the respective dates, decreased from 2.00 as of December 31, 2023 to 1.64 as of June 30, 2024.

Liquidity, Capital Resources and Gearing

The Group adopts a prudent funding and treasury policy with a view to optimize its financial position. The Group regularly monitors its funding requirements to support its business operations and perform ongoing liquidity review. For the six months ended June 30, 2024, the Group financed its operations primarily through cash generated from operations and proceeds from the Subscription (as defined in the announcement of the Company dated July 16, 2020 in relation to the subscription for new Shares under the general mandate). The Group mainly used Renminbi, Hong Kong dollars and US dollars to make borrowings and loans and to hold cash and cash equivalents. The Group mainly utilized its cash on procurement of food ingredients, consumables and equipment, supply chain construction and restaurant renovations. The Group's cash and cash equivalents decreased by 32.4% from RMB1,326.9 million as of December 31, 2023 to RMB897.2 million as of June 30, 2024, primarily attributable to (i) share repurchases and (ii) the purchases of other non-current financial assets.

The Group's gearing ratio, being interest-bearing bank loans divided by total equity as of the respective dates and multiplied by 100%, increased from 7.3% as of December 31, 2023 to 9.2% as of June 30, 2024, primarily due to (i) the increase in bank loans and (ii) the decrease in total equity as a result of the payment of final dividend in the first half of 2024.

Capital Expenditures

The Group's capital expenditures, which refer to the payment for purchases of property, plant and equipment and right-of-use assets, are incurred primarily for opening new restaurants, procuring property, plant and equipment for new restaurants, renovating existing restaurants and purchasing furniture and equipment used in the Group's restaurant operations and construction of supply chain. The Group's total capital expenditures decreased by 25.4% from RMB292.1 million for the six months ended June 30, 2023 to RMB217.9 million for the same period in 2024.

Indebtedness

Bank Loans

The analysis of the repayment schedule of bank loans is as follows:

	As of June 30, 2024	As of December 31, 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Within one year or on demand		
– unsecured and unguaranteed	80,000	50,000
– secured	40,000	40,000
	120,000	90,000
After one year but within two years		
– secured	169,713	154,162
	289,713	244,162

As of 30 June 2024, bank loans of RMB219.7 million were with floating-interest rates (as of December 31, 2023: RMB184.2 million), and bank loans of RMB70.0 million were with fixed-interest rate (as of December 31, 2023: RMB60.0 million).

Lease Liabilities

The Group's lease liabilities increased by 5.3% from RMB2,084.5 million as of December 31, 2023 to RMB2,194.5 million as of June 30, 2024, primarily due to the restaurant network expansion of Tai Er and Song Hot Pot.

Contingent Liabilities

As of June 30, 2024, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on the Group's business, financial condition or results of operations.

Pledge of Assets

As of June 30, 2024, bank deposits of RMB10.9 million were pledged as securities for a currency forward contract (as of December 31, 2023: RMB10.7 million) and bank deposits of RMB248.2 million were pledged as securities for bank loans (as of December 31, 2023: RMB220.8 million).

Save as disclosed above, as of June 30, 2024, the Group did not have any pledge on its assets.

Significant Events After the Reporting Period

There are no material events subsequent to June 30, 2024 which could have a material impact on the Group's operating and financial performance as of the date of this announcement.

Foreign Exchange Risk and Hedging

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

Material Acquisitions, Disposals and Future Plans for Major Investment

During the six months ended June 30, 2024, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus and the intended use of proceeds from the Subscription as disclosed in the Company's announcements dated July 16, 2020, July 23, 2020 and July 30, 2020, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

Company Information

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

Employees

As of June 30, 2024, the Group had a total of 21,920 employees, including 9,257 outsourced personnel. For the six months ended June 30, 2024, staff costs (including Directors' emoluments) of the Group amounted to RMB894.1 million (for the six months ended June 30, 2023: RMB717.6 million).

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

No Material Changes

Since the publication of the Group's annual report for the year ended December 31, 2023 on April 29, 2024, there has been no material change to the Group's business.

Use of Proceeds

Use of Proceeds from the Global Offering

The Company was listed on the Stock Exchange on January 15, 2020. The net proceeds from the Global Offering amounted to approximately HKD2,372.9 million and had been fully utilized by March 10, 2024. For details, see the annual results announcement of the Company dated March 22, 2024.

Use of Proceeds from the Subscription

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

	Percentage of intended use of proceeds	Intended use of proceeds from the Subscription (In HKD millions)	Percentage of used amount as of August 14, 2024	Percentage of unused balance as of August 14, 2024	Timeframe for the unused balance
	(%)		(%)	(%)	
Intended use of proceeds.					
Invest in suppliers for key raw material	55.0	456.5	57.4	42.6	By the end of 2026
General working capital	30.0	249.0	100.0	-	-
Invest in other companies in the catering industries	15.0	124.5	69.5	30.5	By the end of 2026
Total.	100.0	830.0	72.0	28.0	By the end of 2026

Note: The figures in the table are approximate figures.

SHARE OPTION SCHEME

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

The Share Option Scheme remains valid for a period of ten years commencing on December 6, 2019. As at June 30, 2024, the remaining life of the Share Option Scheme is approximately five years and five months.

The table below sets out the details of share options granted and outstanding during the period from January 1, 2024 to June 30, 2024 under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2024	Granted during the period	Date of grant	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at June 30, 2024	Exercise price (HKD per Share)	Closing price immediately before the date of grant	Weighted average closing price immediately before the date of exercise of options during the period (HKD per Share)	Fair value of Shares at the date of grant	Vesting period	Exercise period
									during the period (HKD per Share)	during the period (HKD per Share)			
Directors of the Company													
Guan Yihong	200,000	-	Oct 29, 2021	-	-	-	200,000	20.24	-	-	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022 – Oct 28, 2024
	250,000	-	Nov 14, 2022	-	-	-	250,000	16.04	-	-	-	Nov 14, 2022 – Nov 13, 2023	Nov 14, 2023 – Nov 13, 2025
He Chengxiao	389,800	-	Oct 29, 2021	-	-	-	389,800	20.24	-	-	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022 – Oct 28, 2024
	538,000	-	Nov 14, 2022	-	-	-	538,000	16.04	-	-	-	Nov 14, 2022 – Nov 13, 2023	Nov 14, 2023 – Nov 13, 2025
Cui Longyu	607,000	-	Nov 3, 2023	-	-	-	607,000	8.35	-	-	-	Nov 3, 2023 – Nov 2, 2024	Nov 3, 2024 – Nov 2, 2026
	299,800	-	Oct 29, 2021	-	-	-	299,800	20.24	-	-	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022 – Oct 28, 2024
Su Danman	422,000	-	Nov 14, 2022	-	-	-	422,000	16.04	-	-	-	Nov 14, 2022 – Nov 13, 2023	Nov 14, 2023 – Nov 13, 2025
	476,000	-	Nov 3, 2023	-	-	-	476,000	8.35	-	-	-	Nov 3, 2023 – Nov 2, 2024	Nov 3, 2024 – Nov 2, 2026
Su Danman	38,400	-	Oct 29, 2021	-	-	-	38,400	20.24	-	-	-	Oct 29, 2021- Oct 28, 2022	Oct 29, 2022- Oct 28, 2024
	56,000	-	Nov 14, 2022	-	-	-	56,000	16.04	-	-	-	Nov 14, 2022- Nov 13, 2023	Nov 14, 2023- Nov 13, 2025
	155,000	-	Nov 3, 2023	-	-	-	155,000	8.35	-	-	-	Nov 3, 2023- Nov 2, 2024	Nov 3, 2024- Nov 2, 2026

Name of grantee	Outstanding as at January 1, 2024	Granted during the period	Date of grant	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at June 30, 2024	Exercise price (HKD per Share)	Closing price immediately before the date of grant	Weighted average closing price immediately before the date of exercise of options during the period (HKD per Share)	Fair value of Shares at the date of grant during the period (HKD)	Vesting period	Exercise period
									during the period	during the period	during the period		
Employees of the Group													
Employees of the Group	1,966,200	-	Oct 29, 2021	-	-	(145,500)	1,820,700	20.24	-	-	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022- Oct 28, 2024
	3,568,000	-	Nov 14, 2022	-	-	(295,000)	3,273,000	16.04	-	-	-	Nov 14, 2022- Nov 13, 2023	Nov 14, 2023- Nov 13, 2025
	5,105,000	-	Nov 3, 2023	-	-	(476,000)	4,629,000	8.35	-	-	-	Nov 3, 2023- Nov 2, 2024	Nov 3, 2024- Nov 2, 2026
Total	<u>14,071,200</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>(916,500)</u>	<u>13,154,700</u>						

As of January 1, 2024, the number of Shares available for further grant under the Share Option Scheme was 118,167,100. As of June 30, 2024, the number of Shares available for further grant under the Share Option Scheme was 119,083,600, representing 8.31% of the total number of Shares in issue at that date. As of June 30, 2024, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 13,154,700, representing 0.92% of the total number of Shares in issue at that date. The number of Shares that may be issued in respect of share options granted under the Share Option Scheme as of June 30, 2024 divided by weighted average number of Shares in issue for the six months ended June 30, 2024 is 0.92%.

ROUNDING

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the six months ended 30 June 2024 – unaudited**(Expressed in Renminbi)*

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Revenue	3	3,064,227	2,879,422
Other revenue		33,257	53,163
Raw materials and consumables used		(1,097,211)	(1,042,380)
Staff costs		(894,059)	(717,599)
Depreciation of right-of-use assets		(286,672)	(227,380)
Other rentals and related expenses		(66,346)	(67,133)
Depreciation and amortisation of other assets		(140,268)	(109,135)
Utility expenses		(123,403)	(100,553)
Travelling and related expenses		(13,652)	(16,814)
Advertising and promotion expenses		(47,071)	(32,110)
Other expenses		(217,066)	(190,957)
Share of losses of associates		(1,652)	(2,912)
Other net losses		(29,495)	(57,246)
Finance costs		(53,305)	(42,661)
Impairment losses of property, plant and equipment and right-of-use assets		(39,356)	(326)
Profit before taxation		87,928	325,379
Income tax	5	(19,958)	(86,978)
Profit for the period		67,970	238,401
Attributable to:			
Equity shareholders of the Company		72,291	222,212
Non-controlling interests		(4,321)	16,189
Profit for the period		67,970	238,401
Earnings per share			
Basic (RMB)	6	0.05	0.15
Diluted (RMB)	6	0.05	0.15

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit for the period	67,970	238,401
Other comprehensive income for the period:		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	1,923	8,243
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Chinese Mainland	16,617	74,290
Other comprehensive income for the period	18,540	82,533
Total comprehensive income for the period	86,510	320,934
Attributable to:		
Equity shareholders of the Company	90,831	304,745
Non-controlling interests	(4,321)	16,189
Total comprehensive income for the period	86,510	320,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 – unaudited

(Expressed in Renminbi)

		At 30 June 2024	At 31 December 2023
	<i>Note</i>	<u>RMB'000</u>	<u>RMB'000</u>
Non-current assets			
Property, plant and equipment		1,112,660	1,129,483
Right-of-use assets		2,106,886	2,007,912
Intangible assets		27,432	25,674
Interest in associates		30,717	7,869
Other non-current financial assets		381,129	137,309
Deferred tax assets		139,345	116,153
Rental deposits		124,674	113,557
Other non-current assets		143,841	177,015
		<u>4,066,684</u>	<u>3,714,972</u>
Current assets			
Inventories		146,533	132,074
Trade and other receivables	7	728,694	643,844
Restricted bank deposits	8	259,073	231,456
Deposits with banks with original maturity date over three months	8	426,991	471,631
Cash and cash equivalents	8	897,226	1,326,902
		<u>2,458,517</u>	<u>2,805,907</u>
Current liabilities			
Trade and other payables	9	732,601	696,971
Contract liabilities		19,050	7,909
Lease liabilities		580,267	539,473
Bank loans		120,000	90,000
Current taxation		46,430	68,223
		<u>1,498,348</u>	<u>1,402,576</u>
Net current assets		<u>960,169</u>	<u>1,403,331</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 30 June 2024 – unaudited (continued)**(Expressed in Renminbi)*

		At 30 June	At 31 December
		2024	2023
	<i>Note</i>	<u>RMB'000</u>	<u>RMB'000</u>
Non-current liabilities			
Bank loans		169,713	154,162
Lease liabilities		1,614,256	1,545,050
Provisions		50,216	47,293
Derivative financial liabilities		20,980	8,905
Deferred tax liabilities		6,394	5,877
		<u>1,861,559</u>	<u>1,761,287</u>
NET ASSETS		<u>3,165,294</u>	<u>3,357,016</u>
CAPITAL AND RESERVES			
Share capital	<i>11(b)</i>	1	1
Reserves		<u>3,159,141</u>	<u>3,335,534</u>
Total equity attributable to equity shareholders of the Company		3,159,142	3,335,535
Non-controlling interests		<u>6,152</u>	<u>21,481</u>
TOTAL EQUITY		<u>3,165,294</u>	<u>3,357,016</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This unaudited interim financial information was extracted from the interim financial report of Jiumaojiu International Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2024.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 23 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Jiumaojiu International Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

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

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

Disaggregation of revenue

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15:		
Restaurant operations	2,496,886	2,426,284
Delivery business	510,163	445,818
Sales of goods	54,962	6,734
Others	2,216	586
	<u>3,064,227</u>	<u>2,879,422</u>

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

No revenue from individual customer contributing over 10% of total revenue of the Group for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

(b) Segment Reporting

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

- Tai Er: this segment mainly includes operating restaurants featuring signature dish Chinese sauerkraut fish and delivery business under Tai Er brand.
- Song Hot Pot: this segment operates restaurants featuring hot pot under Song Hot Pot brand.
- Jiu Mao Jiu: this segment operates restaurants and delivery business offering family-oriented food under Jiu Mao Jiu brand.
- Others: this segment mainly includes operating restaurants in other brands such as Lai Mei Li, Fresh Wood and Shanwaimian, and the operation of the Group's all other businesses.

(i) Segment results, assets and liabilities

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

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

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

The measure used for reporting segment profit is "Non-GAAP Operating Profit", i.e. revenue deducting the following expenses (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortisation of other assets, (vi) utility expenses, (vii) advertising and promotion expenses and (viii) other expenses, excluding unallocated headquarter expenses.

In addition to receiving segment information concerning Non-GAAP Operating Profit, management is provided with segment information concerning inter segment sales, expense from borrowings managed directly by the segments, net losses on disposal of property, plant and equipment and right-of-use assets.

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

For the six months ended	Tai Er		Song Hot Pot		Jiu Mao Jiu		Others		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Reportable segment revenue										
Revenue from external customers	2,248,397	2,188,318	431,395	352,248	292,111	317,833	92,324	21,023	3,064,227	2,879,422
Reportable segment profit/(loss) (Non-GAAP Operating Profit)	310,619	466,917	36,899	48,370	49,457	60,866	11,138	(974)	408,113	575,179
Finance costs	(37,861)	(32,276)	(9,726)	(6,704)	(4,261)	(2,748)	(1,457)	(933)	(53,305)	(42,661)
Losses on disposal of property, plant and equipment and right-of-use assets, net	(2,071)	(1,484)	1,407	(140)	1,071	1,212	(3,775)	(1)	(3,368)	(413)
Impairment losses of property, plant and equipment and right-of-use assets	(15,907)	(116)	(20,590)	-	(1,304)	(210)	(1,555)	-	(39,356)	(326)
As at 30 June/31 December										
Reportable segment assets	3,856,466	2,896,373	660,225	596,094	880,474	863,797	161,197	75,875	5,558,362	4,432,139
Additions to non-current segment assets during the period	314,264	356,165	112,678	151,369	65,141	16,254	35,645	52,938	527,728	576,726
Reportable segment liabilities	3,579,889	2,504,903	771,677	673,071	387,472	388,699	175,000	82,787	4,914,038	3,649,460

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Reportable segment profit (Non-GAAP Operating Profit)	408,113	575,179
Other revenue	33,257	53,163
Travelling and related expenses	(13,652)	(16,814)
Share of losses of associates	(1,652)	(2,912)
Other net losses	(29,495)	(57,246)
Finance costs	(53,305)	(42,661)
Impairment losses of property, plant and equipment and right-of-use assets	(39,356)	(326)
Unallocated headquarter expenses	(215,982)	(183,004)
	<u>87,928</u>	<u>325,379</u>
Consolidated profit before taxation	<u>87,928</u>	<u>325,379</u>

4 **SEASONALITY OF OPERATIONS**

The Group's restaurant operations business is subject to seasonal factors. Customer traffic in restaurants is usually higher during the Chinese New Year holidays, peak summer season and National Day holidays than the rest of the year. Any decrease in customer traffic in restaurants during these periods may have an adverse impact on revenue. For the twelve months ended 30 June 2024, the Group reported revenue of RMB6,170,655,000 (twelve months ended 30 June 2023: RMB4,986,123,000).

5 **INCOME TAX**

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax		
Provision for the period		
– PRC income tax	37,941	85,010
– PRC withholding tax (note (v))	393	169
– Other jurisdictions	4,772	2,544
Under-provision/(over-provision) for the PRC income tax in respect of prior years	231	(342)
	<u>43,337</u>	<u>87,381</u>
Deferred tax		
Origination accumulated tax loss and temporary differences	(23,379)	(403)
	<u>19,958</u>	<u>86,978</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Group’s subsidiaries in Hong Kong did not have any other assessable profits for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

- (iii) Taxable income for the Group’s subsidiaries in the PRC are subject to PRC income tax rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%), unless otherwise specified below.

Certain subsidiaries met the criteria for enterprises/branches in catering industry established in Hainan Province in the PRC and were entitled to the preferential income tax rate of 15% from 2020 to 2024.

Certain subsidiaries met 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 5% on taxable income for the first RMB3,000,000.

A subsidiary met the criteria required for preferential income tax rate granted to the encouraged industry that operates in Nansha district, Guangzhou in the PRC, and was entitled to a preferential income tax rate of 15% from 2023 to 2026.

A subsidiary met the criteria for software enterprises encouraged in the PRC, and was entitled to be exempted from income tax from 2022 to 2023 and a 50% reduction in income tax from 2024 to 2026.

- (iv) The Company’s subsidiaries incorporated overseas, other than Hong Kong and the BVI, are subject to overseas profits tax at 12% to 29.84% on estimated assessable profit for the six months ended 30 June 2024 (six months ended 30 June 2023: 3% to 27%).
- (v) According to the Corporate Income Tax Law and its implementation rules, dividends and interest receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The withholding tax rate of 10% was applicable for the Group for the six months ended 30 June 2024 (six months ended 30 June 2023: 10%).

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit attributable to equity shareholders of the Company of RMB72,291,000 (six months ended 30 June 2023: RMB222,212,000) and the weighted average of 1,434,953,420 shares (six months ended 30 June 2023: 1,454,496,902) in issue during the interim period.

	Six months ended 30 June	
	2024	2023
	shares	shares
Issued shares at 1 January	1,436,567,700	1,454,212,100
Effect of shares issued due to exercise of share options	–	284,802
Effect of shares repurchased	(1,614,280)	–
Weighted average number of shares at 30 June	<u>1,434,953,420</u>	<u>1,454,496,902</u>

(b) Diluted earnings per share

The effect of share options of the Group were anti-dilutive for the six months ended 30 June 2024.

7 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade debtors	55,262	37,562
Input value-added tax recoverable	396,802	345,245
Deposits	69,530	71,531
Other receivables	41,233	36,184
Dividend receivables	715	–
Interest receivables	187	881
Prepayments to vendors	72,423	71,025
Prepayments to an associate	–	7,864
Amounts due from related parties	92,542	73,552
	<u>728,694</u>	<u>643,844</u>

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

Ageing analysis:

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 3 month	<u>55,262</u>	<u>37,562</u>

Trade debtors are due within 30-45 days from the date of revenue recognition.

8 CASH AND CASH EQUIVALENTS

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Cash on hand	36	34
Cash at bank	1,583,254	2,029,955
Less: restricted bank deposits	(259,073)	(231,456)
Less: deposits with banks with original maturity date over three months	(426,991)	(471,631)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	<u>897,226</u>	<u>1,326,902</u>

As at the end of the reporting period, the deposits with bank of RMB10,875,000 (31 December 2023: RMB10,679,000) were pledged as securities for a currency forward contract and the deposits with bank of RMB248,198,000 were pledged as securities for bank loans (31 December 2023: RMB220,777,000).

9 TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade payables	174,024	209,310
Construction fee payables	80,426	123,986
Staff cost payable	131,120	142,657
Accrued charges	59,505	75,718
Other taxes payables	7,162	8,280
Other payables	70,808	61,856
Amounts due to related parties	12,914	71,094
Dividend payable	196,642	4,070
	<u>732,601</u>	<u>696,971</u>

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	<u>174,024</u>	<u>209,310</u>

10 EQUITY SETTLED SHARE-BASED PAYMENTS

During the six months ended 30 June 2024, the Group has the following share-based payment arrangements:

(a) Restricted Stock Units Scheme

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

As at 30 June 2024, none of the employees of the Group have been granted with any RSUs and the outstanding number of RSUs that could be granted under the Scheme was 6,218,254 (31 December 2023: 6,218,254).

The Group recognised share-based expenses of nil during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB491,000).

(b) Employees' Share Option Scheme

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

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

	2024		2023	
	Weighted average exercise price HKD	Number of options	Weighted average exercise price HKD	Number of options
Outstanding at 1 January	13.44	14,071,200	17.64	9,982,500
Exercised during the period	–	–	18.87	(299,600)
Forfeited during the period	12.71	(916,500)	16.22	(810,600)
	<u>13.49</u>	<u>13,154,700</u>	<u>17.73</u>	<u>8,872,300</u>
Outstanding at 30 June				
Exercisable at 30 June	17.62	7,287,700	19.85	3,938,300
Non vested at 30 June	8.35	5,867,000	16.04	4,934,000
	<u>8.35</u>	<u>5,867,000</u>	<u>16.04</u>	<u>4,934,000</u>

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

	At 30 June 2024	At 31 December 2023
Weighted-average remaining contractual life of share options	<u>1.6 years</u>	<u>2.1 years</u>

The Group recognised share option expenses of RMB9,184,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB8,995,000).

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) No interim dividends were proposed to equity shareholders of the Company attributable to the interim period after the end of the reporting period (six months ended 30 June 2023: nil).
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HKD0.15 per ordinary share (six months ended 30 June 2023: HKD0.01 per ordinary share)	<u>192,678</u>	<u>12,795</u>

No final dividend in respect of the previous financial year were paid during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB12,795,000) and unpaid dividends of RMB192,678,000 (31 December 2023: nil) were accrued and presented in “Trade and other payables” as at 30 June 2024.

(b) Share capital**(i) Issued share capital**

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	No. of shares	Nominal	Nominal	No. of shares	Nominal	Nominal
		value of fully paid shares USD	value of fully paid shares RMB		value of fully paid shares USD	value of fully paid shares RMB
Ordinary shares, issued and fully paid:						
At 1 January	1,436,567,700	143.66	973	1,454,212,100	145.42	986
Shares issued due to exercise of Share Option Scheme at USD0.0000001 each (note 11(b)(ii))	-	-	-	299,600	0.03	-*
Shares repurchased and cancelled (note 11(b)(iii))	(4,184,000)	(0.42)	(3)	-	-	-
At 30 June	<u>1,432,383,700</u>	<u>143.24</u>	<u>970</u>	<u>1,454,511,700</u>	<u>145.45</u>	<u>986</u>

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

* The amount represents amount less than RMB1.

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

During the six months ended 30 June 2024, no share options were exercised to subscribe for ordinary shares in the Company.

During the six months ended 30 June 2023, share options were exercised to subscribe for a total of 299,600 ordinary shares in the Company at a consideration of HKD5,652,000 (equivalent to approximately RMB4,940,000), of which RMB0.2 and RMB5,974,000 were credited to share capital and the share premium account respectively. RMB1,034,000 was transferred from the share-based payments reserve to the share premium account.

(iii) Purchase of own shares

During the six months ended 30 June 2024, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid HKD	Aggregate price paid RMB equivalent
May 2024	2,795,000	5.47	4.79	14,058,000	12,795,000
June 2024	<u>18,664,000</u>	<u>4.99</u>	<u>3.91</u>	<u>79,125,000</u>	<u>72,122,000</u>
	<u>21,459,000</u>				<u>84,917,000</u>

During the six months ended 30 June 2024, the Company repurchased 21,459,000 shares (six months ended 30 June 2023: nil), on the Stock Exchange of Hong Kong Limited for an aggregate price of HKD93,183,000 (equivalent to RMB84,917,000) (six months ended 30 June 2023: nil). 4,184,000 shares (six months ended 30 June 2024: nil) repurchased during the six months ended 30 June 2024 were cancelled on 20 June 2024 and resulted in a decrease in the Company's share capital and share premium of RMB19,027,000. As at 30 June 2024, 17,275,000 shares repurchased have not been cancelled by the Company (31 December 2023: nil).

(c) **Reserves**

Acquisition of non-controlling interests

During the six months ended 30 June 2024, the Group acquired additional 20.1% equity interests in Guangzhou Xi Qin Catering Management Co., Ltd.* (“**Xi Qin Catering**”) for RMB10,000 and held 100% equity interests of Xi Qin Catering in aggregate upon completion of the acquisition. The carrying amount of Xi Qin Catering’s net assets on the date of the acquisition was RMB5,954,000. The Group recognised a decrease in non-controlling interests of RMB1,197,000 and an increase in retained earnings of RMB1,187,000.

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

12 COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report

	At 30 June 2024 RMB’000	At 31 December 2023 RMB’000
Contracted for acquisition of property, plant and equipment and right-of-use assets	439,962	265,978
Authorised but not contracted for acquisition of property, plant and equipment and right-of-use assets	8,572	68
	448,534	266,046

OTHER INFORMATION

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

During the six months ended June 30, 2024, the Company utilized an aggregate of approximately HKD93.2 million (equivalent to approximately RMB84.9 million) before expenses to repurchase 21,459,000 Shares on market at prices ranging from HKD3.91 to HKD5.47 per Share. The Shares repurchased during such period represented 1.50% of issued Shares as of June 30, 2024. All of the Shares repurchased during the six months ended June 30, 2024 were subsequently cancelled by the Company on June 20, 2024 and July 11, 2024, respectively. The repurchase was based on the Company's operational growth outlook while acknowledging market conditions and macroeconomic performance indicators. Given the strong showing of the Group's financial performance, the Board believes that the repurchase demonstrates the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for the Shareholders as a whole.

The table below sets forth a monthly breakdown of share repurchases of the Company during the six months ended June 30, 2024:

Month of purchase in the six months ended June 30, 2024	No. of Shares purchased	Highest price paid per Share	Lowest price paid per Share	Aggregate consideration paid
		<i>HKD</i>	<i>HKD</i>	<i>HKD</i>
May	2,795,000	5.47	4.79	14,058,000
June	18,664,000	4.99	3.91	79,125,000
Total	21,459,000			93,183,000

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company for the six months ended June 30, 2024.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Listing Rules.

The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code during the six months ended June 30, 2024, except for the deviation from code provision C.2.1 of the CG Code as explained below.

Mr. Guan Yihong (“**Mr. Guan**”) is the chairman of the Board and served as the chief executive officer of the Company up to February 29, 2024. Since the founding of the Group in 2005, Mr. Guan has been responsible for formulating the Group’s overall business development strategies and leading the Group’s overall operations, and therefore has been instrumental to the growth and business expansion of the Group. Mr. Guan’s vision and leadership have played a pivotal role in the Group’s success and achievements to date, and therefore the Board considers that vesting the roles of chairman of the Board and chief executive officer in the same person is beneficial to the management of the Group. While this will constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Mr. Guan and the other Directors are aware of and undertake to fulfill their fiduciary duties as directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

In order to comply with code provision C.2.1 of the CG Code that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, with effect from March 1, 2024, Mr. He Chengxiao (何成效), an executive Director, has been appointed as the new chief executive officer of the Company. Mr. Guan remains as an executive Director, the chairman of the Board and the chairman of the nomination committee of the Company. For details, please refer to the announcement of the Company dated February 29, 2024.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors, all Directors confirmed that they have strictly complied with the Model Code during the six months ended June 30, 2024.

The Board has also established written guidelines on terms no less exacting than the Model Code (the “**Guidelines**”) for securities transactions by relevant employees who are likely to be in possession of unpublished inside information in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by the Company’s relevant employees has been noted during the six months ended June 30, 2024 after making reasonable enquiry.

Audit Committee and Review of Financial Statements

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

The members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended June 30, 2024.

The unaudited interim results of the Group for the six months ended June 30, 2024 have been reviewed by the Company's external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jiumaojiu.com). The interim report of the Company for the six months ended June 30, 2024 containing all the information required by the Listing Rules will be dispatched (if requested) to the Shareholders and made available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, August 23, 2024

As at the date of this announcement, the Board comprises Mr. Guan Yihong as chairman and executive Director, Mr. He Chengxiao as chief executive officer and executive Director, Ms. Cui Longyu and Mr. Su Danman as executive Directors, and Ms. Tang Zhihui, Ms. Zhu Rui and Ms. Wang Xiaomei as independent non-executive Directors.