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Jiumaojiu International Holdings Limited
九毛九国际控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9922)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 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 audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2024, together with comparative figures for the year ended December 31, 2023.

KEY FINANCIAL HIGHLIGHTS

	For the year ended	
	December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue	6,073,644	5,985,850
Store level operating profit ⁽¹⁾	748,320	1,076,967
Profit before taxation	74,008	636,384
Profit for the year	44,800	479,998
Profit for the year attributable to equity		
Shareholders of the Company	55,807	453,462
Core operating profit ⁽²⁾	252,272	632,077
Final dividend proposed after the end of the year	25,813	195,600
Special dividend proposed after the end of the year	25,813	–
	6,073,644	5,985,850

Notes:

- (1) The Group defines store level operating profit as revenue for the year deducting the following expenses at store level: (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utility expenses, (vii) advertising and promotion expenses and (viii) other expenses, excluding unallocated headquarter expenses.
- (2) The Group defines core operating profit as profit for the year excluding the following: income from value-added tax super deduction and exemption, government grants, share of losses of associates, impairment losses of property, plant and equipment, other net losses, and income tax expense.

KEY OPERATIONAL HIGHLIGHTS

	As of/for the year ended December 31,	
	2024	2023
Number of restaurants ⁽¹⁾	807	726
Seat turnover rate ⁽²⁾		
Tai Er (<i>self-operated</i>)	2.5	3.0
Song Hot Pot.	2.0	2.8
Jiu Mao Jiu (<i>self-operated</i>)	1.7	1.8
Table turnover rate ⁽³⁾		
Tai Er (<i>self-operated</i>)	3.5	4.1
Song Hot Pot.	2.9	3.8
Jiu Mao Jiu (<i>self-operated</i>)	2.7	2.9
Average spending per customer (RMB) ⁽⁴⁾		
Tai Er (<i>self-operated</i>)	71	75
Song Hot Pot.	103	113
Jiu Mao Jiu (<i>self-operated</i>)	55	58
Same store sales (RMB'000) ⁽⁵⁾		
Tai Er (<i>self-operated</i>)	3,308,988	4,076,736
Song Hot Pot.	348,447	509,233
Jiu Mao Jiu (<i>self-operated</i>)	452,549	520,438
Same store sales growth (%)		
Tai Er (<i>self-operated</i>)	(18.8)	
Song Hot Pot.	(31.6)	
Jiu Mao Jiu (<i>self-operated</i>)	(13.0)	

Notes:

- (1) As of December 31, 2024, the Group had 779 self-operated restaurants and 28 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 year.
- (3) Calculated by dividing total tables served by the product of total restaurant operation days and average table count during the year.
- (4) Calculated by dividing revenue generated from the restaurant operations for the year by total customer traffic for the year.
- (5) Same store sales for the year refers to the revenue of all restaurants that qualified as same stores during that year. The Group defines its same store base to be those restaurants that opened for at least 300 days in both 2023 and 2024.

BUSINESS REVIEW AND OUTLOOK

Overview

In the year 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 2024. The Group continued to optimize its portfolio of restaurant brands and focus on brands with greater growth potential. In 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 restaurant 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 and Jiu Mao Jiu brand and the cooperative model for Shanwaimian brand in certain designated shopping malls and transportation hubs in China.

As of December 31, 2024, the Group had 779 self-operated restaurants and 28 franchised/cooperative model restaurants, covering 141 cities in the PRC, Singapore, two cities in Canada, one city in Malaysia, one city in Thailand, two cities in the United States and one city in Indonesia.

The Group recorded revenue of RMB6,073.6 million for the year ended December 31, 2024, representing an increase of 1.5% compared with revenue of RMB5,985.9 million for the year ended December 31, 2023. Profit for the year of the Group decreased by 90.7% from RMB480.0 million for the year ended December 31, 2023 to RMB44.8 million for the year ended December 31, 2024.

The Board is committed to increasing returns for the shareholders of the Company (the “**Shareholders**”). For the year ended December 31, 2024, apart from utilizing approximately HKD138.6 million for share repurchases on market, the Board also proposes to distribute a final dividend of HKD0.02 per ordinary share (totalling approximately HKD28.0 million). In addition, in celebration of the Group's 30th anniversary, the Board proposes to distribute a special dividend of HKD0.02 per ordinary share (totalling approximately HKD28.0 million). In total, the distribution of final dividend and special dividend represent a payout ratio of approximately 92.5% of profit for the year attributable to equity shareholders.

Going forward, after a thorough reevaluation of the Group's financial performance, financial position, and strategic development plans for the future, the Board intends to maintain a dividend payout ratio of no less than 40% of profit for the year attributable to equity shareholders.

2024 Business and Financial Performance Review

Restaurant network

In 2024, the Group opened 150 new restaurants, which comprises 95 Tai Er restaurants (including 11 franchised restaurants), 28 Song Hot Pot restaurants, 20 Shanwaimian restaurants (including 16 cooperative model restaurants) and seven Jiu Mao Jiu restaurants (including one franchised restaurant). In addition, one self-operated Tai Er restaurant converted into a franchised restaurant. Among restaurants of the Group, 69⁽¹⁾ restaurants were closed in 2024 primarily due to (i) the termination of the relevant lease agreements upon expiry, (ii) underperformance of certain restaurants, and (iii) the disposal of Uncle Chef and Lai Mei Li restaurants to independent third parties.

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

	As of December 31,	
	2024	2023
Number of restaurants		
Tai Er	634⁽²⁾	578
– <i>Mainland China</i>	604⁽²⁾	560
– <i>Others</i>	30	18
Song Hot Pot.	80	62
Jiu Mao Jiu	71⁽³⁾	77
Shanwaimian.	20⁽⁴⁾	–
Fresh Wood.	1	1
Lai Mei Li.	1	7
Uncle Chef	–	1
Total	<u>807</u>	<u>726</u>

Notes:

- (1) Decrease in self-operated restaurants due to the conversion to franchised restaurants is not restaurant closure.
- (2) Including 11 Tai Er franchised restaurants.
- (3) Including one Jiu Mao jiu franchised restaurant.
- (4) Including 16 Shanwaimian cooperative model restaurants.

Restaurant performance

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

	For the year ended December 31,	
	2024	2023
Revenue (RMB'000)		
Tai Er	4,408,770	4,469,217
Song Hot Pot.	894,264	805,206
Jiu Mao Jiu	545,507	628,372
Uncle Chef	1,555	10,765
Lai Mei Li.	27,348	47,647
Fresh Wood.	15,300	7,170
Shanwaimian.	29,427	–
Seat turnover rate ⁽¹⁾		
Tai Er	2.5	3.0
- <i>Mainland China</i>	2.5	3.0
- <i>Others</i>	3.2	3.9
Song Hot Pot.	2.0	2.8
Jiu Mao Jiu	1.7	1.8
Uncle Chef	0.8	1.3
Lai Mei Li.	2.2	3.3
Fresh Wood.	1.3	1.3
Shanwaimian.	2.9	–
Table turnover rate ⁽²⁾		
Tai Er	3.5	4.1
- <i>Mainland China</i>	3.5	4.1
- <i>Others</i>	4.4	5.5
Song Hot Pot.	2.9	3.8
Jiu Mao Jiu	2.7	2.9
Uncle Chef	1.0	1.7
Lai Mei Li.	2.8	4.1
Fresh Wood.	1.6	1.6
Shanwaimian.	4.3	–
Average spending per customer ⁽³⁾ (RMB)		
Tai Er	71	75
- <i>Mainland China</i>	65	72
- <i>Others</i>	158	172
Song Hot Pot.	103	113
Jiu Mao Jiu	55	58
Uncle Chef	144	151
Lai Mei Li.	101	80
Fresh Wood.	546	587
Shanwaimian.	87	–

Notes:

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

The decline in the Group's restaurant performance in terms of seat/table turnover rates and average spending per customer in 2024 was primarily due to the changes in the external environment and the intensified competition in the catering market in the year.

Same store sales

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

	For the year ended December 31,			
	2024	2023	2023	2022
Number of same store⁽¹⁾				
Tai Er	448		313	
Song Hot Pot.	25		6	
Jiu Mao Jiu	62		68	
Same store sales⁽²⁾ (RMB'000)				
Tai Er	3,308,988	4,076,736	3,042,873	2,571,804
Song Hot Pot.	348,447	509,233	156,897	141,883
Jiu Mao Jiu	452,549	520,438	572,898	533,440
Same store sales growth (%)				
Tai Er	(18.8)		18.3	
Song Hot Pot.	(31.6)		10.6	
Jiu Mao Jiu	(13.0)		7.4	

Notes:

- (1) The Group defines its same store base to be those restaurants that opened for at least 300 days in both 2022 and 2023, and in both 2023 and 2024.
- (2) Same store sales for the year refer to the revenue of all restaurants that qualified as same stores during that year.

OUTLOOK

The Group remains fully devoted to providing ultimate dining experience to customers through delicious 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:

- ***Optimizing restaurant network and focusing on excellence.*** The Group has been closely monitoring the external environment and adjusting its expansion plan of restaurant network under different brands as and when appropriate. Taking into account the changes in the external environment, the Group’s restaurant opening has been slowed down in 2024 as compared to previous years. By adopting a more prudent restaurant opening strategy, decisively closing the under-performing restaurants and focusing its resources on core high-quality restaurants, the Group strived to build a more prosperous business for a longer period of time. In 2025, the Group has no target for opening restaurants, and will dynamically adjust the specific number of new openings according to the changes in the market environment to ensure “100% success rate for each restaurant (做一成一)”.
- ***Providing customers with delicious, affordable and safe dining experiences.*** The Group regards product quality as its lifeline, especially focusing on core dishes to achieve ultimate perfection. The Group pays special attention to the key factors that affect taste to ensure that every dish is met to a high standard. And through sincere service, it commits to making every customer who walks into the Group’s restaurants feel its dedication and sincerity. To better adapt to market changes, the Group’s brands are continuously exploring the upgrading and iteration of existing restaurant models. By optimizing product offerings, enhancing customer experience, and improving service quality, the Group aims to further strengthen the appeal and competitiveness of its brands. In the future, the Group will refine the operational model of the new restaurant format based on pilot data and customer feedback, ensuring every detail aligns precisely with consumer needs.
- ***Continuing to strengthen the Group’s supply chain and support capabilities.*** The Group continued to advance the construction of the supply chain centers. Among them, the Guangzhou Nansha Supply Chain Center is expected to be put into use by the end of 2025. The new facility will cover the primary processing of ingredients for the Group’s core brands and the production of products for external sales, which will effectively reduce the capacity pressure on the Group’s existing supply chain, ensuring a stable supply of key ingredients and better minimizing food safety risks. In addition, supply chain centers have established supermarket sales business and online retail business in 2024, and will expand sales channels in the external market while ensuring the high-quality supply of the Group’s catering brands in the future.
- ***Making digital and intelligent transformation the core driving force for future development.*** The Group is committed to achieving the goal of “providing customers with delicious, affordable, and safe dining experiences” through digital and intelligent empowerment. On the supply chain side, the Group utilizes digital and intelligent systems to meticulously plan and schedule every aspect of the supply chain process, improving supply chain turnover speed, reducing inventory levels, lowering food material loss rates, while ensuring the freshness of ingredients. At the restaurant level, the Group delves into existing data to imbue the operational system with a smart brain, enhancing restaurant management efficiency and better responding to customer needs.
- ***Expanding into global markets to gain international market share.*** The Group currently operates Tai Er restaurants in countries such as Singapore, Malaysia, Canada, the United States, Thailand and Indonesia, as well as a Lai Mei Li Restaurant in Singapore. The Group will continue to prudently evaluate and select suitable locations for its expansion to gain international market share. In the future expansion of the Group, priority will be given to countries and cities with a large number of Chinese, such as North America, Southeast Asia, Oceania and other overseas Chinese communities.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue increased slightly by 1.5% from RMB5,985.9 million in 2023 to RMB6,073.6 million in 2024.

Revenue by segment

The Group generate 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 Fresh Wood and Shanwaimian, as well as the operation of all other businesses of the Group). The following table sets forth a breakdown of the Group's revenue by segment for the years indicated:

	For the year ended December 31,			
	2024		2023	
	RMB'000	%	RMB'000	%
Tai Er	4,412,813	72.7	4,476,906	74.8
Song Hot Pot.	894,973	14.7	806,512	13.5
Jiu Mao Jiu	546,183	9.0	629,550	10.5
Others ⁽¹⁾	219,675	3.6	72,882	1.2
Total.	6,073,644	100.0	5,985,850	100.0

Note:

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

Revenue from Tai Er decreased slightly by 1.4% from RMB4,476.9 million in 2023 to RMB4,412.8 million in 2024, primarily due to the decreases in same store sales of the Group's Tai Er restaurants mainly attributable to the changes in the external environment and the intensified competition in the catering market in the year. Revenue from Tai Er as a percentage of total revenue decreased from 74.8% in 2023 to 72.7% in 2024.

Revenue from Song Hot Pot increased by 11.0% from RMB806.5 million in 2023 to RMB895.0 million in 2024, primarily due to its expanded restaurant network from 62 as of December 31, 2023 to 80 as of December 31, 2024, partially offset by the decreases in same store sales. As a result, revenue from Song Hot Pot as a percentage of total revenue increased slightly from 13.5% in 2023 to 14.7% in 2024.

Revenue from Jiu Mao Jiu decreased by 13.2% from RMB629.6 million in 2023 to RMB546.2 million in 2024, primarily due to the decrease in the number of Jiu Mao Jiu self-operated restaurants from 77 as of December 31, 2023 to 70 as of December 31, 2024 as well as the decrease in the average spending per customer. Revenue from Jiu Mao Jiu as a percentage of total revenue decreased from 10.5% in 2023 to 9.0% in 2024, primarily due to the increased revenue contribution from Song Hot Pot and other brands.

Revenue from others increased significantly by 201.4% from RMB72.9 million in 2023 to RMB219.7 million 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. Revenue from others as a percentage of total revenue increased from 1.2% in 2023 to 3.6% 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 years indicated:

	For the year ended December 31,			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Restaurant operations	4,880,419	80.4	5,066,466	84.6
Delivery business	1,043,415	17.2	901,219	15.1
Sales of goods ⁽¹⁾	139,399	2.3	17,017	0.2
Others ⁽²⁾	10,411	0.1	1,148	0.1
Total	<u>6,073,644</u>	<u>100.0</u>	<u>5,985,850</u>	<u>100.0</u>

Notes:

(1) Revenue from sales of goods was included in revenue from others in prior years. Revenue from others for the year ended December 31, 2023 is updated to conform to current presentation.

(2) Revenue from others mainly include franchised and cooperative model revenue.

Revenue from restaurant operations decreased by 3.7% from RMB5,066.5 million in 2023 to RMB4,880.4 million in 2024, primarily due to the decrease in same store sales of the Group's restaurants mainly attributable to the changes in the external environment and the intensified competition in the catering market in the year. Revenue from restaurant operations as a percentage of total revenue decreased from 84.6% in 2023 to 80.4% in 2024.

Revenue from delivery business increased by 15.8% from RMB901.2 million in 2023 to RMB1,043.4 million 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. Revenue from delivery business as a percentage of total revenue increased from 15.1% in 2023 to 17.2% in 2024.

Revenue from sales of goods increased significantly by 720.0% from RMB17.0 million in 2023 to RMB139.4 million in 2024, primarily due to the increase in revenue generated from selling goods to third parties. As a result, revenue from sales of goods as a percentage of total revenue increased from 0.2% in 2023 to 2.3% in 2024.

Revenue from others increased significantly by 845.5% from RMB1.1 million in 2023 to RMB10.4 million in 2024, primarily due to revenue from franchise/cooperative management services introduced in the first half of 2024. Revenue from others as a percentage of total revenue remained relatively stable at 0.1% in 2023 and 2024.

Other Revenue

Other revenue decreased by 45.1% from RMB126.7 million in 2023 to RMB69.6 million in 2024, primarily due to (i) a decrease in income from value-added tax super deduction and exemption as the super deduction of value-added tax policy has expired since December 31, 2023, and (ii) a decrease in government grants.

Raw Materials and Consumables Used

Raw materials and consumables used remained relatively stable at RMB2,142.2 million and RMB2,162.1 million in 2023 and 2024, respectively, generally in line with the Group's revenue growth. Raw materials and consumables used as a percentage of revenue remained relatively stable at 35.8% and 35.6% in 2023 and 2024, respectively.

Staff Costs

Staff costs increased by 13.1% from RMB1,544.1 million in 2023 to RMB1,747.0 million in 2024, primarily due to the across-the-board salary raises implemented in the second half of 2023. Staff costs as a percentage of revenue increased from 25.8% in 2023 to 28.8% 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 18.8% from RMB485.3 million in 2023 to RMB576.5 million 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 8.1% in 2023 to 9.5% in 2024, primarily due to the decrease in same store sales.

Other Rentals and Related Expenses

Other rentals and related expenses decreased by 4.0% from RMB138.8 million in 2023 to RMB133.2 million in 2024, primarily due to a decrease in variable rent payments as a result of the decrease in same store sales of the Group's restaurants. Other rentals and related expenses as a percentage of revenue remained relatively stable at 2.3% and 2.2% in 2023 and 2024, respectively.

Depreciation and Amortization of Other Assets

Depreciation and amortization of other assets increased by 23.9% from RMB235.6 million in 2023 to RMB292.0 million 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 3.9% in 2023 to 4.8% in 2024, primarily due to the decrease in same store sales.

Utility Expenses

Utility expenses increased by 15.5% from RMB219.0 million in 2023 to RMB252.9 million in 2024 primarily due to the expansion of restaurant network of the Group. Utilities expenses as a percentage of revenue increased from 3.7% in 2023 to 4.2% in 2024, primarily due to the decrease in same store sales.

Travelling and Related Expenses

Travelling and related expenses decreased by 23.7% from RMB38.8 million in 2023 to RMB29.6 million 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 0.5% in 2023 and 2024, respectively.

Advertising and Promotion Expenses

Advertising and promotion expenses increased by 23.2% from RMB84.5 million in 2023 to RMB104.1 million in 2024, primarily due to an increase in advertisement placement. As a result, advertising and promotion expenses as a percentage of revenue increased from 1.4% in 2023 to 1.7% in 2024.

Other Expenses

Other expenses increased by 7.3% from RMB438.6 million in 2023 to RMB470.8 million in 2024, primarily due to (i) an increase in transportation and related expenses of RMB59.3 million, partially offset by (ii) a decrease in expenses for opening new restaurants of RMB39.1 million.

Share of Losses of Associates

Share of losses of associates increased by 77.3% from RMB2.2 million in 2023 to RMB3.9 million in 2024, primarily due to the increase in losses incurred by the associates invested by the Group.

Other Net Losses

Other net losses increased by 131.3% from RMB32.3 million in 2023 to RMB74.7 million in 2024, primarily due to (i) an increase in losses on disposal of property, plant and equipment and right-of-use assets of RMB25.8 million and (ii) an increase in net foreign exchange losses of RMB10.1 million.

Finance Costs

Finance costs increased by 19.5% from RMB92.9 million in 2023 to RMB111.0 million 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

Impairment losses of property, plant and equipment increased significantly by 411.9% from RMB21.8 million in 2023 to RMB111.6 million in 2024, primarily because the Group had prudently made provisions for impairment of assets considering the unsatisfactory performance of some restaurants.

Income Tax

Income tax decreased by 81.3% from RMB156.4 million in 2023 to RMB29.2 million in 2024, primarily due to the decrease of taxable income.

Profit for the Year

As a result of the foregoing, profit for the year decreased by 90.7% from RMB480.0 million in 2023 to RMB44.8 million in 2024.

Other Comprehensive Income for the Year

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 RMB14.8 million for the year ended December 31, 2024, primarily due to certain equity investments in the catering industry held by the Group has risen in value through stable operation, as compared with the loss of RMB8.9 million for the year ended December 31, 2023 as a result of challenging macroeconomic environment in 2023.

The Group recorded exchange differences on translation of financial statements of operations outside the mainland China of RMB45.2 million for the year ended December 31, 2024 as other comprehensive income, as compared with RMB33.3 million for the year ended December 31, 2023 primarily due to exchange rate fluctuations.

Non-IFRS Measures

The Group adopts the operating profit and core operating 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 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 catering industry.

The Group defines store level operating profit as revenue for the year deducting the following expenses at store level: (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortization of other assets, (vi) utilities expenses, (vii) advertising and promotion expenses and (viii) other expenses, 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 years indicated:

	For the year ended December 31,			
	2024		2023	
	Store Level Store Level Operating Profit	Store Level Operating Profit	Store Level Operating Profit	Store Level Operating Profit Margin
	RMB'000	(%)	RMB'000	(%)
Tai Er	583,680	13.2	865,833	19.3
Song Hot Pot.	76,880	8.6	98,749	12.2
Jiu Mao Jiu	84,335	15.4	110,758	17.6
Other Brands.	3,425	4.3	1,627	2.2
Total.	748,320	12.6	1,076,967	18.0

Core Operating Profit and Core Operating Profit Margin

The presentation of core operating 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. The Group believes that the presentation of core operating profit provides additional information to further enhance the comparability of the Group's historical results of operations with the trends in their underlying results of operations, while the Group utilizes this metric to assess the performance of its core operations. The Group considers both quantitative and qualitative factors when assessing whether to adjust for the impact of items that may be material or that may affect the understanding to the Group's ongoing financial and business performance or trends. The Group believes that the core operating profit is frequently used by other interested parties when evaluating the performance of a company.

The Group defines core operating profit as profit for the year excluding the following: income from value-added tax super deduction and exemption, government grants, share of losses of associates, impairment losses of property, plant and equipment, other net losses, and income tax expense. The following table illustrates a reconciliation from profit for the year to core operating profit for the years indicated:

	For the year ended	
	December 31,	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	44,800	479,998
<i>Net of the following gains/(losses):</i>		
Income from value-added tax super deduction and exemption	3,066	45,870
Government grants	8,825	14,729
Share of losses of associates	(3,924)	(2,197)
Impairment losses of property, plant and equipment	(111,564)	(21,819)
Other net losses	(74,667)	(32,276)
Income tax expense	(29,208)	(156,386)
Core operating profit	252,272	632,077
Revenue	6,073,644	5,985,850
Core operating profit margin (%)	4.2	10.6

Inventories

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

	As of December 31,	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Food ingredients	69,304	83,877
Condiment product	29,105	29,331
Beverage	2,494	4,445
Other materials	14,553	14,421
Total	<u>115,456</u>	<u>132,074</u>

Inventories decreased by 12.6% from RMB132.1 million as of December 31, 2023 to RMB115.5 million as of December 31, 2024 primarily due to the reduction of store-level inventory reserve in the year of 2024 according to the change of operating strategies.

The Group's inventory turnover days in 2023 and 2024, being the average of the beginning and ending inventories for that year divided by raw materials and consumables used for the same year and multiplied by 365 days, remained relatively stable at 21.3 and 20.9 days in 2023 and 2024, respectively.

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 4.1% from RMB2,007.9 million as of December 31, 2023 to RMB2,089.6 million as of December 31, 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, and (iv) debtors generated from sales of goods, which were normally settled within two months. Trade debtors of the Group increased by 50.3% from RMB37.6 million as of December 31, 2023 to RMB56.5 million as of December 31, 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 debtor turnover days, being the average of the beginning and ending balances of trade debtors for that year divided by revenue for the same year and multiplied by 365 days, increased from 1.8 days in 2023 to 2.8 days in 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 increased by 1.8% from RMB209.3 million as of December 31, 2023 to RMB213.1 million as of December 31, 2024, primarily due to the expansion of restaurant network of the Group. The Group's trade payable turnover days, being the average of the beginning and ending balances of trade payables for that year divided by raw materials and consumables used for the same year and multiplied by 365 days, remained relatively stable at 33.9 days in 2023 and 35.7 days in 2024, respectively.

Loans and Advances to Associates

As of December 31, 2024, the Group's loans and advances to associates amounted to RMB124.1 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 RMB400.5 million as of December 31, 2024, primarily due to the purchase of key management insurance in the first half of 2024 in the amount of RMB246.4 million, the policyholder and beneficiary of which is the Company.

Capital Structure

The Group's total assets decreased from RMB6,520.9 million as of December 31, 2023 to RMB6,488.6 million as of December 31, 2024. The Group's total liabilities increased from RMB3,163.9 million as of December 31, 2023 to RMB3,337.5 million as of December 31, 2024. Liabilities-to-assets ratio increased from 48.5% as of December 31, 2023 to 51.4% as of December 31, 2024.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 2.00 as of December 31, 2023 to 1.45 as of December 31, 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 year ended December 31, 2024, the Group financed its operations primarily through cash generated from operations, proceeds from the global offering (the "**Global Offering**") of the Company's shares (the "**Shares**") in connection with the listing (the "**Listing**") of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on January 15, 2020 and proceeds from the Subscription (as defined in the announcement of the Company dated July 16, 2020 in relation to the subscription for new Shares under the general mandate). 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. Cash and cash equivalents of the Group decreased by 54.3% from RMB1,326.9 million as of December 31, 2023 to RMB607.0 million as of December 31, 2024, primarily attributable to (i) dividends paid to equity shareholders of the Company 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 12.0% as of December 31, 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 2024.

Capital Expenditures

The Group's capital expenditures, which referred to the payment for purchases of property, plant and equipment, are incurred primarily for opening new restaurants, procuring property, plant and equipment for new restaurants, renovating existing restaurants and purchasing furniture and equipment used in its restaurant operations and construction of supply chain. The total capital expenditures of the Group decreased by 8.4% from RMB576.2 million for the year ended December 31, 2023 to RMB528.0 million for the year ended December 31, 2024.

Indebtedness

Bank Loans

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

	As of December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year or on demand		
– unsecured and unguaranteed	30,000	50,000
– secured	275,817	40,000
	305,817	90,000
After one year but within two years		
– secured	73,608	154,162
	379,425	244,162

As of December 31, 2024, bank loans of RMB239.4 million were with floating-interest rates (as of December 31, 2023: RMB184.2 million), and bank loans of RMB140.0 million were with fixed-interest rate (as of December 31, 2023: RMB60.0 million).

Lease Liabilities

The Group's lease liabilities increased by 4.7% from RMB2,084.5 million as of December 31, 2023 to RMB2,183.1 million as of December 31, 2024, primarily due to the restaurant network expansion of Tai Er and Song Hot Pot.

Contingent Liabilities

As of December 31, 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 December 31, 2024, bank deposits of RMB11.1 million were pledged as securities for a currency forward contract (as of December 31, 2023: RMB10.7 million) and bank deposits of RMB295.4 million were pledged as securities for bank loans (as of December 31, 2023: RMB220.8 million).

Save as disclosed above, as of December 31, 2024, the Group did not have any pledge on its assets.

Significant Events After the Reporting Period

Except as disclosed in note 12 to the financial statements, there are no material events subsequent to December 31, 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 year ended December 31, 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.

Final and Special Dividend

The Board recommends the payment of a final dividend of HKD0.02 per ordinary share and a special dividend of HKD0.02 per ordinary share for the year ended December 31, 2024 (the "**Proposed Final and Special Dividend**") (for the year ended December 31, 2023: a final dividend of HKD0.15 per ordinary share). The Proposed Final and Special Dividend are declared and will be paid in Hong Kong dollar. Subject to the approval of Shareholders at the annual general meeting to be held on Friday, June 6, 2025 (the "**AGM**"), the Proposed Final and Special Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Tuesday, June 17, 2025. The Proposed Final and Special Dividend is expected to be distributed to the Shareholders on Friday, July 4, 2025.

Annual General Meeting

The AGM will be held on Friday, June 6, 2025. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

(a) Entitlement to Attend and Vote at the AGM

In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the Company's register of members will be closed from Tuesday, June 3, 2025 to Friday, June 6, 2025, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on Monday, June 2, 2025.

(b) Entitlement to the Proposed Final and Special Dividend

In order to determine the entitlement of the Shareholders to receive the Proposed Final and Special Dividend, the Company's register of members will be closed from Friday, June 13, 2025 to Tuesday, June 17, 2025, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to receive the Proposed Final and Special Dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on Thursday, June 12, 2025.

Company Information

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

Employees

As of December 31, 2024, the Group had a total of 20,735 employees (including outsourced personnel). For the year ended December 31, 2024, staff costs (including Directors' emoluments) of the Group amounted to RMB1,747.0 million (for the year ended December 31, 2023: RMB1,544.1 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.

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 for the year ended December 31, 2023 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:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Subscription (In HKD millions)	Percentage of used amount as of March 10, 2025 (%)	Percentage of unused balance as of March 10, 2025 (%)	Timeframe for the unused balance
Invest in suppliers for key raw material	55.0	456.5	58.3	41.7	By the end of 2026
General working capital	30.0	249.0	100.0	- -	
Invest in other companies in the catering industries	15.0	124.5	82.0	18.0	By the end of 2026
Total	100.0	830.0	74.3	25.7	By the end of 2026

Note: The figures in the table are approximate figures.

Change in Use of Proceeds from the Subscription

As disclosed above, approximately 25.7% of the net proceeds from the Subscription were unused as of March 10, 2025 (the “**Unutilized Net Proceeds**”). Due to the changes in external environment since the Subscription and after detailed evaluation of the Group’s latest operations and business strategies, the Board has resolved to merge the (i) “invest in suppliers for key raw material” and (ii) “invest in other companies in the catering industries” uses into “invest in suppliers for key raw material and other companies in the catering industries” (the “**Change in Use of Proceeds**”). The Unutilized Net Proceeds are currently expected to be fully utilized by the end of 2026.

The Board is of the opinion that by combing the two original intended uses of the Unutilized Net Proceeds, the Company will be able to allocate its financial resources in a more flexible manner and respond to potential investment opportunities more efficiently. The Change in Use of Proceeds will not result in any material change in the nature of the Group’s business or any material adverse impact on the existing business and operations of the Group. In view of the above, the Board believes that the Change in Use of Proceeds is in the best interest of the Company and its Shareholders as a whole.

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 the 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 of December 31, 2024, the remaining life of the Share Option Scheme is approximately four years and eleven months.

The table below sets out the details of share options granted and outstanding during the period from January 1, 2024 to December 31, 2024 under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2024	Granted during the year	Date of grant	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2024	Exercise price (HKD per Share)	Closing price immediately before the date of grant during the year (HKD per Share)	Weighted average closing price immediately before the date of exercise of options during the year (HKD per Share)	Fair value of Shares at the date of grant during the year (HKD)	Vesting period	Exercise period
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
	-	900,000	Oct 30, 2024	-	-	-	900,000	3.44	3.52	-	1,478,000	Oct 30, 2024 - Oct 29, 2025	Oct 30, 2025 - Oct 29, 2029
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
	607,000	-	Nov 3, 2023	-	-	-	607,000	8.35	-	-	-	Nov 3, 2023 - Nov 2, 2024	Nov 3, 2024 - Nov 2, 2026
	-	1,336,000	Oct 30, 2024	-	-	-	1,336,000	3.44	3.52	-	2,194,000	Oct 30, 2024 - Oct 29, 2025	Oct 30, 2025 - Oct 29, 2029

Name of grantee	Outstanding as at January 1, 2024	Granted during the year	Date of grant	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2024	Exercise price (HKD per Share)	Closing price immediately before the date of grant during the year (HKD per Share)	Weighted average closing price immediately before the date of exercise of options during the year (HKD per Share)	Fair value of Shares at the date of grant during the year (HKD)	Vesting period	Exercise period
Cui Longyu.....	299,800	-	Oct 29, 2021	-	-	(299,800)	-	20.24	-	-	-	Oct 29, 2021 - Oct 28, 2022	Oct 29, 2022 - Oct 28, 2024
	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
	-	913,000	Oct 30, 2024	-	-	-	913,000	3.44	3.52	-	1,499,000	Oct 30, 2024 - Oct 29, 2025	Oct 30, 2025 - Oct 29, 2029
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
	-	375,000	Oct 30, 2024	-	-	-	375,000	3.44	3.52	-	615,000	Oct 30, 2024 - Oct 29, 2025	Oct 30, 2025 - Oct 29, 2029

Name of grantee	Outstanding as at January 1, 2024	Granted during the year	Date of grant	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2024	Exercise price (HKD per Share)	Closing price immediately before the date of grant during the year (HKD per Share)	Weighted average closing price immediately before the date of exercise of options during the year (HKD per Share)	Fair value of Shares at the date of grant during the year (HKD)	Vesting period	Exercise period
Employees of the Group													
Employees of the Group	1,966,200	-	Oct 29, 2021	-	-	(1,966,200)	-	20.24	-	-	-	Oct 29, 2021 - Oct 28, 2022	Oct 29, 2022 - Oct 28, 2024
	3,568,000	-	Nov 14, 2022	-	-	(466,000)	3,102,000	16.04	-	-	-	Nov 14, 2022 - Nov 13, 2023	Nov 14, 2023 - Nov 13, 2025
	5,105,000	-	Nov 3, 2023	-	-	(624,000)	4,481,000	8.35	-	-	-	Nov 3, 2023 - Nov 2, 2024	Nov 3, 2024 - Nov 2, 2026
	-	11,431,000	Oct 30, 2024	-	-	-	11,431,000	3.44	3.52	-	17,025,000	Oct 30, 2024 - Oct 29, 2025	Oct 30, 2025 - Oct 29, 2029
Total	14,071,200	14,955,000		-	-	(3,984,200)	25,042,000						

As of January 1, 2024, the number of Shares available for further grant under the Share Option Scheme was 118,167,100. As of December 31, 2024, the number of Shares available for further grant under the Share Option Scheme was 107,196,300, representing 7.67% of the total number of Shares in issue at that date. As of December 31, 2024, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 25,042,000, representing 1.79% 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 December 31, 2024 divided by weighted average number of Shares in issue for the year ended December 31, 2024 is 1.76%.

ROUNDING

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended 31 December 2024**(Expressed in Renminbi)*

	<i>Note</i>	<u>2024</u>	<u>2023</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	6,073,644	5,985,850
Other revenue	3	69,597	126,659
Raw materials and consumables used		(2,162,104)	(2,142,159)
Staff costs	4(b)	(1,746,972)	(1,544,103)
Depreciation of right-of-use assets	4(e)	(576,465)	(485,330)
Other rentals and related expenses		(133,213)	(138,844)
Depreciation and amortisation of other assets	4(e)	(291,975)	(235,615)
Utility expenses		(252,947)	(219,022)
Travelling and related expenses		(29,626)	(38,781)
Advertising and promotion expenses		(104,063)	(84,523)
Other expenses	4(d)	(470,751)	(438,588)
Share of losses of associates		(3,924)	(2,197)
Other net losses	4(c)	(74,667)	(32,276)
Finance costs	4(a)	(110,962)	(92,868)
Impairment losses of property, plant and equipment		(111,564)	(21,819)
Profit before taxation	4	74,008	636,384
Income tax	5	(29,208)	(156,386)
Profit for the year		44,800	479,998
Attributable to:			
Equity shareholders of the Company		55,807	453,462
Non-controlling interests		(11,007)	26,536
Profit for the year		44,800	479,998
Earnings per share	6		
Basic (RMB)		0.04	0.31
Diluted (RMB)		0.04	0.31

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in Renminbi)

	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	44,800	479,998
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	14,802	(8,928)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Mainland China	45,185	33,265
Other comprehensive income for the year	59,987	24,337
Total comprehensive income for the year	104,787	504,335
Attributable to:		
Equity shareholders of the Company	115,794	477,799
Non-controlling interests	(11,007)	26,536
Total comprehensive income for the year	104,787	504,335

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(Expressed in Renminbi)

	Note	2024	2023
		<u>RMB'000</u>	<u>RMB'000</u>
Non-current assets			
Property, plant and equipment		1,189,710	1,129,483
Right-of-use assets		2,089,621	2,007,912
Intangible assets		26,386	25,674
Interests in associates		28,745	7,869
Other non-current financial assets	7	400,502	137,309
Deferred tax assets		161,602	116,153
Rental deposits		127,407	113,557
Other non-current assets		155,396	177,015
		<u>4,179,369</u>	<u>3,714,972</u>
Current assets			
Inventories	8	115,456	132,074
Trade and other receivables	9	769,965	643,844
Restricted bank deposits		306,504	231,456
Deposits with banks with original maturity date over three months		510,355	471,631
Cash and cash equivalents		606,974	1,326,902
		<u>2,309,254</u>	<u>2,805,907</u>
Current liabilities			
Trade and other payables	10	622,597	696,971
Contract liabilities		19,767	7,909
Lease liabilities		601,523	539,473
Bank loans		305,817	90,000
Current taxation		43,032	68,223
		<u>1,592,736</u>	<u>1,402,576</u>
Net current assets		<u>716,518</u>	<u>1,403,331</u>

	<i>Note</i>	<u>2024</u>	<u>2023</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Bank loans		73,608	154,162
Lease liabilities		1,581,548	1,545,050
Provisions		51,531	47,293
Derivative financial liabilities		27,551	8,905
Deferred tax liabilities		10,497	5,877
		<u>1,744,735</u>	<u>1,761,287</u>
NET ASSETS		<u>3,151,152</u>	<u>3,357,016</u>
CAPITAL AND RESERVES			
Share capital	<i>11(a)</i>	1	1
Reserves	<i>11(c)</i>	<u>3,151,685</u>	<u>3,335,534</u>
Total equity attributable to equity shareholders of the Company		3,151,686	3,335,535
Non-controlling interests		<u>(534)</u>	<u>21,481</u>
TOTAL EQUITY		<u>3,151,152</u>	<u>3,357,016</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material 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 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

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

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

(c) **Changes in accounting policies**

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and 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 accounting periods have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE AND SEGMENT REPORTING

(a) **Revenue**

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

(i) ***Disaggregation of revenue***

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

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Revenue from contracts with customers within the scope of IFRS 15:		
Restaurant operations	4,880,419	5,066,466
Delivery business	1,043,415	901,219
Sales of goods	139,399	17,017
Others	10,411	1,148
	<u>6,073,644</u>	<u>5,985,850</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 years ended 31 December 2024 and 2023.

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

Contracts within the scope of IFRS 15

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts is RMB14,038,000. This amount represents the customer loyalty scheme. The Group will recognise the expected revenue in future over the remaining contract period, which is expected to occur over the next 12 to 24 months.

(b) Segment Reporting

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

- Tai Er: this segment operates 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 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 interests 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 at store-level (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortisation of other assets, (vi) 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/(gains) 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 years ended 31 December 2024 and 2023 is set out below.

	Tai Er		Song Hot Pot		Jiu Mao Jiu		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue										
Revenue from external customers	4,412,813	4,476,906	894,973	806,512	546,183	629,550	219,675	72,882	6,073,644	5,985,850
Reportable segment profit										
(Non-GAAP Operating Profit)	583,680	865,833	76,880	98,749	84,335	110,758	28,560	1,627	773,455	1,076,967
Finance costs	(78,330)	(66,980)	(20,274)	(15,419)	(9,644)	(8,139)	(2,714)	(2,330)	(110,962)	(92,868)
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets, net	(28,327)	(142)	(7,479)	(364)	15,552	4,856	(2,809)	(1,619)	(23,063)	2,731
Impairment losses of property, plant and equipment	(71,340)	(10,112)	(25,336)	(6,507)	(430)	(526)	(14,458)	(4,674)	(111,564)	(21,819)
Reportable segment assets	2,880,189	2,896,373	621,101	596,094	1,031,508	863,797	102,900	75,875	4,635,698	4,432,139
Additions to non-current segment assets during the year	601,559	852,545	195,168	328,432	109,734	68,472	35,751	57,342	942,212	1,306,791
Reportable segment liabilities	2,645,059	2,504,903	759,627	673,071	528,865	388,699	89,623	82,787	4,023,174	3,649,460

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

	2024	2023
	RMB'000	RMB'000
Profit		
Reportable segment profit (Non-GAAP Operating Profit)	773,455	1,076,967
Other revenue	69,597	126,659
Travelling and related expenses	(29,626)	(38,781)
Share of losses of associates	(3,924)	(2,197)
Other net losses	(74,667)	(32,276)
Finance costs	(110,962)	(92,868)
Impairment losses of property, plant and equipment	(111,564)	(21,819)
Unallocated headquarter expenses	(438,301)	(379,301)
Consolidated profit before taxation	74,008	636,384

	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
Assets		
Reportable segment assets	4,635,698	4,432,139
Elimination of inter-segment receivables	<u>(2,372,155)</u>	<u>(2,056,659)</u>
	2,263,543	2,375,480
Interests in associates	28,745	7,869
Other non-current financial assets	400,502	137,309
Deferred tax assets	161,602	116,153
Unallocated headquarter assets	<u>3,634,231</u>	<u>3,884,068</u>
Consolidated total assets	<u><u>6,488,623</u></u>	<u><u>6,520,879</u></u>
	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
Liabilities		
Reportable segment liabilities	4,023,174	3,649,460
Elimination of inter-segment payables	<u>(2,372,155)</u>	<u>(2,056,659)</u>
	1,651,019	1,592,801
Current taxation	43,032	68,223
Deferred tax liabilities	10,497	5,877
Derivative financial liabilities	27,551	8,905
Unallocated headquarter liabilities	<u>1,605,372</u>	<u>1,488,057</u>
Consolidated total liabilities	<u><u>3,337,471</u></u>	<u><u>3,163,863</u></u>

(iii) Geographic information

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

3 OTHER REVENUE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income on:		
– bank deposits	49,818	57,599
– rental deposits	2,977	2,495
– others	3,932	4,285
	<u>56,727</u>	<u>64,379</u>
Income from value-added tax super deduction and exemption (<i>note (i)</i>)	3,066	45,870
Government grants (<i>note (ii)</i>)	8,825	14,729
Others	979	1,681
	<u>69,597</u>	<u>126,659</u>

Notes:

- (i) Income from value-added tax super deduction and exemption represented the super deduction and exemption on value-added tax granted by the government authorities in the PRC. The super deduction of value-added tax policy has expired since 31 December 2023.
- (ii) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC.

4 PROFIT BEFORE TAXATION

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans	10,314	4,734
Interest on lease liabilities	103,376	89,319
Interest on provisions	2,220	1,934
	<u>115,910</u>	<u>95,987</u>
Total interest expense on financial liabilities not at fair value through profit or loss	115,910	95,987
Less: interest expense capitalised into properties under development (<i>note</i>)	(4,948)	(3,119)
	<u>110,962</u>	<u>92,868</u>

Note: The borrowing costs have been capitalised at a rate of 2.45% – 3.0% per annum (2023: 2.8% – 3.0%).

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	1,107,184	963,766
Contributions to defined contribution retirement plans	48,200	34,483
Equity-settled share-based payment expenses	18,227	21,153
	<u>1,173,611</u>	<u>1,019,402</u>
Outsourced staff costs	<u>573,361</u>	<u>524,701</u>
	<u>1,746,972</u>	<u>1,544,103</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(c) Other net losses		
Losses/(gains) on disposal of property, plant and equipment and right-of-use assets	23,063	(2,731)
Losses on rental deposits	3,565	1,392
Net foreign exchange losses	33,027	22,899
Donations	638	1,252
Net fair value changes of financial assets measured at FVPL	4,345	7,214
Net fair value changes of derivative financial liabilities measured at FVPL	15,472	8,846
Others	(5,443)	(6,596)
	<u>74,667</u>	<u>32,276</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(d) Other expenses		
Auditors' remuneration		
– audit services	2,750	2,950
– non-audit services	944	850
	<u>3,694</u>	<u>3,800</u>
Professional service fees	87,889	82,922
Expenses for opening new restaurants	37,551	76,643
Transportation and related expenses	215,431	156,122
Maintenance expenses	27,416	29,122
Bank and third-party platform charges	28,909	20,135
Insurance expenses	5,810	3,384
Business development expenses	1,392	2,966
Office expenses	18,916	20,778
Research and development expenses	2,758	3,956
Cleaning fees	22,649	22,059
Cultural activity fees	3,486	5,961
Business tax and surcharges	9,856	7,502
Others	4,994	3,238
	<u>470,751</u>	<u>438,588</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(e) Other items		
Amortisation	13,328	9,384
Depreciation		
– property, plant and equipment	278,647	226,231
– right-of-use assets	576,465	485,330
	<u>855,112</u>	<u>711,561</u>

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax		
Provision for the year		
– PRC income tax	60,920	150,286
– Other jurisdictions	13,901	7,924
Under/(over)-provision in respect of prior years	231	(342)
	<u>75,052</u>	<u>157,868</u>
Deferred tax		
Origination of accumulated tax loss and temporary differences	(45,844)	(1,482)
	<u>29,208</u>	<u>156,386</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before taxation	<u>74,008</u>	<u>636,384</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	16,939	153,993
Effect of preferential income tax rates of certain subsidiaries (iii)	(5,220)	(15,042)
Effect of non-deductible expenses	9,940	11,694
Tax effect of unused tax losses and deductible temporary differences not recognised	14,072	9,408
Tax effect of using the deductible losses and deductible temporary differences not recognised	–	(630)
Effect of recognising the deductible losses and temporary differences for which no deferred tax asset was recognised in previous years	(3,927)	(774)
Under/(over)-provision in respect of prior years	231	(342)
Others	(2,827)	(1,921)
Actual tax expense	<u>29,208</u>	<u>156,386</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 years ended 31 December 2024, 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.

The provision for Hong Kong Profits Tax for 2024 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of HK\$3,000 for each business (2023: a maximum reduction of HK\$6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for 2023).

- (iii) Taxable income for the Group’s subsidiaries in the PRC are subject to PRC income tax rate of 25% for the years ended 31 December 2024 and 2023, 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 year ended 31 December 2024 (2023: 12% to 29.84%).
- (v) According to the Corporate Income Tax Law and its implementation rules, dividends and interest receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The withholding tax rate of 10% was applicable for the Group for the years ended 31 December 2024 and 2023.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2024 is based on the profit attributable to equity shareholders of the Company of RMB55,807,000 (2023: RMB453,462,000) and the weighted average of 1,418,831,052 shares (2023: 1,452,573,976) in issue during the year.

	2024 <i>Shares</i>	2023 <i>Shares</i>
Issued shares at 1 January	1,436,567,700	1,454,212,100
Effect of shares issued due to exercise of share options	–	292,262
Effect of shares repurchased	<u>(17,736,648)</u>	<u>(1,930,386)</u>
Weighted average number of shares at 31 December	<u><u>1,418,831,052</u></u>	<u><u>1,452,573,976</u></u>

(b) Diluted earnings per share

The effect of share options of the Group were anti-dilutive for the year ended 31 December 2024.

7 OTHER NON-CURRENT FINANCIAL ASSETS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities (<i>note (a)</i>)	68,570	48,541
– Listed equity securities (<i>note (b)(c)</i>)	<u>6,695</u>	<u>6,716</u>
	<u><u>75,265</u></u>	<u><u>55,257</u></u>
Financial assets measured at FVPL		
– Investments in limited partnership enterprises (<i>note (d)</i>)	27,498	26,639
– Investments in funds (<i>note (e)</i>)	51,345	55,413
– Key management insurance contracts (<i>note (f)</i>)	<u>246,394</u>	<u>–</u>
	<u><u>325,237</u></u>	<u><u>82,052</u></u>
	<u><u>400,502</u></u>	<u><u>137,309</u></u>

Notes:

- (a) The Group held unlisted equity investments in several entities. The entities are incorporated in the PRC and mainly engaged in catering industry. The Group designated its investments in unlisted equity securities at FVOCI (non-recycling), as the investments are held for strategic purposes. Fair value of each unlisted equity securities is determined by the directors of the Company with reference to the valuation performed, using the price-to-earnings ratio and the price-to-sales ratios of comparable listed companies adjusted for lack of marketability discount if no market information of recent transactions is available, such as recent fund-raising transactions undertaken by the investees. Otherwise, the costs are used as approximation of fair value if the initial investment date is relatively close to the measurement date, or the investees are start-up entities when there is no catalyst for a change in fair value.

- (b) The Group held equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group designated its investments in the listed equity securities at FVOCI (non-recycling), as the investments are held for long-term investment purpose. Fair value of the listed equity securities is measured by referencing to the stock price.
- (c) Dividends of RMB979,000 were received on these investments during the year ended 31 December 2024.
- (d) The Group held investments in limited partnership enterprises (the “Partnership Enterprise(s)”). These Partnership Enterprises are specialised in equity investment. The Group has an intention of holding such investments as long-term investments. According to the Partnership Enterprises agreements, the Partnership Enterprises are managed by their general partner. The Group participates in the Partnership Enterprise as one of the limited partners who does not have power on selection nor removal of assets manager or general partner of the Partnership Enterprise. In addition, the Group does not have any right on making operating, investing and financing decision of the Partnership Enterprise. The directors are of the opinion that the Group does not have any control nor significant influence to affect the variable returns through its investment in the Partnership Enterprise and therefore these investments are accounted for at fair value. Fair value of the investments in such Partnership Enterprises is measured by referencing to the fair value of underlying investments. Fair value of each underlying investment is determined by the directors of the Company with reference to the valuation performed, using the price-to-sales ratios of comparable listed companies adjusted for lack of marketability discount if no market information of recent transactions is available, such as recent fund-raising transactions undertaken by the investees. Otherwise, the costs are used as approximation of fair value if the initial investment date is relatively close to the measurement date, or the investees are start-up entities when there is no catalyst for a change in fair value.
- (e) The Group held investments in funds operated by a fund management company. The investments are accounted for at fair value. Since the units in the funds are redeemable at the net asset value of the funds, fair value of such investments is measured according to the net asset value as at 31 December 2024 and 2023.
- (f) The policy holder and beneficiary of the key management insurance contracts is the Company. The fair values of key management insurance contracts is determined by reference to the cash surrender value of the insurance policies at the end of each reporting period.

8 INVENTORIES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Food ingredients	69,304	83,877
Condiment product	29,105	29,331
Beverage	2,494	4,445
Other materials	14,553	14,421
	<u>115,456</u>	<u>132,074</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount of inventories sold (<i>note</i>)	<u>2,239,903</u>	<u>2,205,901</u>

Note: Carrying amount of inventories sold includes RMB77,799,000 for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB63,742,000), relating to “staff costs”, “depreciation and amortisation expenses”.

9 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade debtors	56,542	37,562
Input value-added tax recoverable	435,173	345,245
Deposits	82,981	71,531
Other receivables	40,174	37,065
Prepayments to vendors	54,954	71,025
Prepayments to an associate	223	7,864
Amounts due from related parties	99,918	73,552
	<u>769,965</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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	44,530	37,562
1 to 2 months	10,635	–
2 to 3 months	1,377	–
Total	<u>56,542</u>	<u>37,562</u>

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

10 TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	213,116	209,310
Construction fee payables	120,268	123,986
Staff cost payable	130,027	142,657
Accrued charges	76,850	75,718
Other taxes payables	8,534	8,280
Other payables	68,462	61,856
Amounts due to related parties	1,510	71,094
Dividends payable	3,830	4,070
	<u>622,597</u>	<u>696,971</u>

All trade and other payables (including amounts due to related parties) are expected to be settled or recognised 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	<u>213,116</u>	<u>209,310</u>

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Issued share capital

	2024		
	No. of shares	Nominal value of fully paid shares USD	Nominal value of fully paid shares RMB equivalent
Ordinary shares, issued and fully paid:			
At 1 January 2024	1,436,567,700	143.66	973
Shares repurchased (<i>note 11(a)(iii)</i>)	(38,934,000)	(3.89)	(28)
At 31 December 2024	<u>1,397,633,700</u>	<u>139.77</u>	<u>945</u>

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

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

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

As of 31 December 2024, no share options were exercised to subscribe for ordinary shares in the Company.

For the year ended 31 December 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 year ended 31 December 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	12,794,000
June 2024	18,664,000	4.99	3.91	79,125,000	72,121,000
July 2024	4,554,000	3.96	3.04	15,020,000	13,715,000
August 2024	2,443,000	2.51	2.42	6,011,000	5,489,000
September 2024	<u>10,478,000</u>	<u>2.54</u>	<u>2.18</u>	<u>24,420,000</u>	<u>22,260,000</u>
	<u>38,934,000</u>				<u>126,379,000</u>

During the year ended 31 December 2024, 38,934,000 shares were repurchased and cancelled (2023: 17,944,000 shares).

(b) Movements in components of equity

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

The Company

	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits/(Accumulated losses) RMB'000	Total RMB'000
At 1 January 2023		1	2,780,454	-	17,501	(4,941)	(9,176)	(25,071)	2,758,768
Profit for the year		-	-	-	-	-	-	202	202
Other comprehensive income		-	-	-	-	39,188	(4,827)	-	34,361
Purchase of own shares	11(a)(iii)	-	-	(137,255)	-	-	-	-	(137,255)
Cancellation of shares	11(a)(i) & (iii)	-*	(137,255)	137,255	-	-	-	-	-
Equity-settled share-based transactions		-	-	-	20,635	-	-	-	20,635
Shares issued under Share Option Scheme	11(a)(ii)	-*	5,974	-	(1,034)	-	-	-	4,940
Share options forfeited during the year		-	-	-	(3,826)	-	-	3,826	-
Dividends declared in respect of previous year	11(d)	-	(12,795)	-	-	-	-	-	(12,795)
At 31 December 2023 and 1 January 2024		1	2,636,378	-	33,276	34,247	(14,003)	(21,043)	2,668,856
Loss for the year		-	-	-	-	-	-	(22,541)	(22,541)
Other comprehensive income		-	-	-	-	49,516	(220)	-	49,296
Purchase of own shares	11(a)(iii)	-	-	(126,379)	-	-	-	-	(126,379)
Cancellation of shares	11(a)(i) & (iii)	-*	(126,379)	126,379	-	-	-	-	-
Equity-settled share-based transactions		-	-	-	18,227	-	-	-	18,227
Share options forfeited during the year		-	-	-	(12,072)	-	-	12,072	-
Dividends declared in respect of previous year	11(d)	-	(192,678)	-	-	-	-	-	(192,678)
At 31 December 2024		1	2,317,321	-	39,431	83,763	(14,223)	(31,512)	2,394,781

* The amount represents amount less than RMB1,000.

(c) Nature and purposes of reserves**(i) Capital reserve**

During the year ended 31 December 2020, the Group disposed 20% and 0.1% equity interest of Xi Qin Catering to non-controlling shareholders at consideration of RMB10,000 in aggregate and retain 79.9% equity interests after disposal. The capital reserve of the Group as at 31 December 2024 and 31 December 2023 represented the difference between the consideration obtained and the disposed proportionate interests in identifiable net assets of the above subsidiary.

(ii) Share premium

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

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

(iii) Share-based payments reserve

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

(iv) Statutory reserve

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

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

(v) Exchange reserve

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

(vi) Fair value reserve (non-recycling)

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

(vii) Acquisition of NCI

During the year ended 31 December 2023, the Group acquired additional 3.24% equity interests in Tai Er Catering for RMB199,494,000 and held 91.24% equity interests of Tai Er Catering in aggregate upon completion of the acquisition.

During the year ended 31 December 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.

(d) Dividends

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

	2024 RMB'000	2023 <i>RMB'000</i>
Final dividend proposed after the end of the year of HKD0.02 per ordinary share (2023: HKD0.15 per ordinary share)	25,813	195,600
Special dividend proposed after the end of the year of HKD0.02 per ordinary share (2023: nil)	25,813	–
	51,626	195,600

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

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

	2024 RMB'000	2023 <i>RMB'000</i>
Final dividend in respect of the previous financial year of HKD0.15 per ordinary share (2023: HKD0.01)	192,678	12,795

Dividends of RMB9,811,000 (31 December 2023: RMB27,000,000) was declared by Tai Er Catering to their NCI holders during the year. Dividend of RMB9,811,000 (31 December 2023: RMB25,600,000) were paid during the year and unpaid dividends of RMB1,400,000 (2023: RMB1,400,000) were accrued and presented in “Trade and other payables” as at 31 December 2024.

(e) Distributability of reserves

As at 31 December 2024, the aggregate amount of distributable reserves of the Company, calculated in accordance with the Companies Act of the Cayman Islands, amounted to RMB2,394,780,000 (2023: RMB2,668,855,000).

(f) Capital management

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

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

The Group’s overall strategy remains unchanged throughout the years ended 31 December 2024 and 2023. The Group monitors its capital structure with reference to its debt position. The Group’s strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group’s debt to asset ratio, being the Group’s total liabilities over its total assets, as at 31 December 2024 was 51.4% (31 December 2023: 48.5%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

13 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

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

14 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING YEAR BEGINNING ON OR AFTER 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IAS 21, <i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11, <i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i>	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint venture</i>	Note

Note: The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

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

OTHER INFORMATION

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

During the year ended December 31, 2024, the Company has utilized an aggregate of approximately HKD138.6 million (excluding expenses) to repurchase 38,934,000 Shares on market at a consideration ranging from HKD2.18 to HKD5.47 per share. The Shares repurchased during such period represent 2.79% of issued Shares as of December 31, 2024. All of the shares repurchased during the year ended December 31, 2024 were subsequently cancelled by the Company. 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 purchase 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. Details of the Shares repurchased are as follows:

Month of repurchase during the year ended December 31, 2024	No. of Shares repurchased	Highest price paid per Share <i>HKD</i>	Lowest price paid per Share <i>HKD</i>	Approximate aggregate consideration paid <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
July	4,554,000	3.96	3.04	15,020,000
August	2,443,000	2.51	2.42	6,011,000
September	10,478,000	2.54	2.18	24,420,000
Total	38,934,000			138,634,000

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 year ended December 31, 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 year ended December 31, 2024, except for the deviation from code provision C.2.1 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 year ended December 31, 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 of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by the Company’s relevant employees has been noted during the year ended December 31, 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 Zihui 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 Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Company's auditor, KPMG, Certified Public Accountants (the "Auditor"). Based on this review and discussions with the management and the Auditor, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2024.

Scope of Work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2024, 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, 2024 as set out in the preliminary announcement have been compared by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jiumaojiu.com). The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be despatched (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, March 28, 2025

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.