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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)**

### **SUPPLEMENTAL ANNOUNCEMENT**

#### **(1) TOP-UP PLACING OF EXISTING SHARES**

#### **(2) SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND**

#### **(3) SALE OF SALE SHARES BY SELLING SHAREHOLDERS**

Reference is made to the announcement issued by Jiumaojiu International Holdings Limited (九毛九国际控股有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) in the morning of July 16, 2020 in relation to the placing and subscription agreement dated July 16, 2020 and entered into among the Company, GYH J Limited, MT J Limited, MX J Limited, Credit Suisse (Hong Kong) Limited, CMB International Capital Limited and China International Capital Corporation Hong Kong Securities Limited (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to further inform the Shareholders and potential investors that the Company intends to apply the net proceeds from the Subscription of approximately HK\$829.5 million for the purposes and in the amounts set out below:

1. approximately 55% of the net proceeds, or HK\$456.2 million, to be used in investing in suppliers for key raw material to facilitate cooperation with them and secure stable supply of key ingredients. Ensuring continued food safety and quality is the Company’s top priority. The Company plans to cooperate with suppliers of its key ingredients, including but not limited to bass and sauerkraut, by way of joint venture investments. The Company does not anticipate that it will be involved in the actual breeding or planting process or processing procedures but it would actively monitor the breeding and planting processes and processing procedures to ensure that the raw material meets its food safety and quality standards. The Company aims to obtain more supervisory control over the breeding and planting processes and processing procedures so that the Company can ensure food safety and stable quality of its key ingredients right from the start. Streamlining and securing the supply of raw materials is key to successful supply chain management, especially for restaurant chain operators. The Company aims to explore ways in addition to operating its own central kitchens to achieve this. Also, the Directors consider that securing a stable supply of the Company’s key ingredients, which meet the Company’s food safety and quality requirements, will lower its procurement costs and is important, for example, in maintaining its brands;

2. approximately 30% of the net proceeds, or HK\$248.9 million, to be used as general working capital of the Group. As disclosed in the Announcement, the proceeds from the initial public offering of the Company (the “**IPO proceeds**”) allocated for working capital and general corporate purposes have all been utilized as of June 30, 2020. The outbreak of novel coronavirus pneumonia (2019-nCoV) epidemic in China (the “**Epidemic**”) since January 2020 has caused considerable economic slowdown in China. The Company anticipates that the Epidemic will continue to cause uncertainty in the business environment in China in the second half of 2020. Therefore, the Company intends to reserve 30% of the net proceeds from the Subscription as general working capital of the Group for, among others, salary payments, rental payments and raw material procurement to mitigate against such uncertainty in its operating environment; and
3. approximately 15% of the net proceeds, or HK\$124.4 million, to be used in investing in other companies in the catering industries, which adopt innovative business models and possess development and expansion potential, or the business models of which can create synergies with the Company’s business and fit with the Company’s multi-brand development strategy. The Company understands that a number of catering companies in China have had difficulties in surviving the Epidemic. As mentioned in the above sub-paragraph, the Company anticipates that the Epidemic will continue to cause uncertainty in the business environment in China in the second half of 2020, and sees this as an opportunity to carry out horizontal integration at a lower cost of acquisition/investment. The Company currently has not yet identified any potential target companies. The Company values the creativity and innovation in these early-stage catering companies and believes that it would be able to tap into and build on their creative and innovative ideas or products by investing in them so as to allow the Company to keep up with the market trend and gain better insight into the spending patterns of its target consumer markets of its existing brands and to improve or upgrade its existing brands.

The Company has no intention to change the intended use of net proceeds as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated December 30, 2019 (the “**Prospectus**”). In particular, as of the date of this announcement, the Company is on track to open one new central kitchen in Foshan by 2021 as disclosed in the Prospectus. However, the timing of the opening of new restaurants may be affected by the continuing impact of the Epidemic in China. The Company has been monitoring the development of the Epidemic in China and has been accordingly adjusting the timing of the Group’s restaurant network expansion as and when appropriate. Due to the uncertainty that the Epidemic poses to China’s business environment, the Board considers that the Company is not in a position to give an update on the timeframe of the Group’s restaurant network expansion plan as of the date of this announcement. The Company will provide an update by way of announcement when the Board anticipates that there will be a material change to, or further clarification regarding, the timeframe of the Group’s restaurant network expansion plan as disclosed in the Announcement.

As disclosed in the Announcement, the unutilised IPO proceeds are intended to be used for expanding the Group's restaurant network and further strengthening its supply and support capabilities for its restaurants and enhancing its centralized procurement system, which is essentially opening a new central kitchen in Foshan, renovating its existing central kitchens and upgrading its equipment and facilities, as disclosed in the Prospectus, whereas the intended use of the net proceeds from the Subscription is for (i) investing in suppliers of key raw material to secure a stable supply and ensure the food safety and quality of its key ingredients, (ii) general working capital and (iii) horizontal integration, as detailed above. Accordingly, the intended use of net proceeds from the Subscription is fundamentally different from the intended use of IPO proceeds and there is no overlap between the two uses.

The Directors consider that this fund-raising will place the Group in a strong position, given the uncertain business environment and prospects for the second half of 2020, to negotiate joint ventures with selected key raw material suppliers and identify appropriate targets for investment to enhance its business development prospects through horizontal integration.

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

Hong Kong, July 23, 2020

*As at the date of this announcement, the Board comprises Mr. Guan Yihong as chairman and executive Director and Mr. Li Zhuoguang, Ms. Cui Longyu and Mr. He Chengxiao as executive Directors, and Mr. Deng Tao, Mr. Zhong Weibin and Mr. Ivan Xu as independent non-executive Directors.*