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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF LAND USE RIGHTS AND INVESTMENT IN THE CONSTRUCTION AND ESTABLISHMENT OF JIUMAOJIU NATIONAL SUPPLY CENTER BASE AND CHANGE IN USE OF PROCEEDS

ACQUISITION OF LAND USE RIGHTS AND INVESTMENT IN THE CONSTRUCTION AND ESTABLISHMENT OF JIUMAOJIU NATIONAL SUPPLY CENTER BASE

The Board is pleased to announce that JMJ Holdings, an indirect wholly-owned subsidiary of the Company, entered into the Land Use Rights Transfer Agreement with Guangzhou Municipal Planning and Natural Resources Bureau and the Project Investment Agreement with Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce on March 22, 2021 (after trading hours). Pursuant to the aforementioned agreements, the Company shall, among others, acquire the land use rights of the Land and to construct and establish a multi-functional Jiumaojiu National Supply Chain Center Base (九毛九全國供應鏈中心基地) on the Land. The Project is expected to be completed within three years. Pursuant to the Project Investment Agreement, the total investment amount by the Group in the Project shall be not less than RMB500 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Consideration under the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Project Investment Agreement constitutes a discloseable transaction for the Company under the Listing Rules and hence is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that the Company has entered into the Land Use Rights Transfer Agreement with the Guangzhou Municipal Planning and Natural Resources Bureau on March 22, 2021 (after trading hours). The principal terms of the Land Use Rights Transfer Agreement are summarized below:

Parties	:	(1) JMJ Holdings (2) Guangzhou Municipal Planning and Natural Resources Bureau
Location of the Land	:	North side of Hengli Industrial Park Feng Ma Road, Guangzhou, Guangdong Province, the PRC* (中國廣東省廣州市橫瀝工業園馮馬路北側)
Total site area of the Land	:	39,488 sq.m.
Plot ratio of the Land	:	Not less than 3.5
Permitted land uses	:	Industrial use
Term of land use rights	:	20 years
Consideration and payment terms	:	RMB22,910,000 to be paid within 30 days from the date of the Land Use Rights Transfer Agreement

INVESTMENT IN CONSTRUCTION AND ESTABLISHMENT OF THE JIUMAOJIU NATIONAL SUPPLY CHAIN CENTER BASE ON THE LAND

In addition, on March 22, 2021 (after trading hours), JMJ Holdings and Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce entered into the Project Investment Agreement in respect of the investment details for the construction and establishment of the development of Jiumaojiu National Supply Chain Center Base (九毛九全國供應鏈中心基地) on the Land. The principal terms of the Project Investment Agreement are as follows:

Parties	:	(1) JMJ Holdings (2) Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce
Location	:	the Land
Investment amount	:	The investment amount of the Project shall be not less than RMB500 million in aggregate, which is determined based on the terms set out in the Project Investment Agreement which prescribes that the magnitude of investment of the Project shall be not less than RMB9,524 per sq.m.

Accordingly, the investment shall be made in the following manner (i) approximately RMB23 million for the costs of the acquisition of land use rights and relevant taxes, (ii) approximately RMB400 million for the construction of new buildings and ancillary facilities and the purchase of equipment for the setting up and operation of the Jiumaojiu National Supply Chain Center Base, and (iii) the balance of approximately RMB77 million as general working capital for the Project.

It is currently expected that the investment amount will be made within three years from the date of the Land Use Rights Transfer Agreement (i) approximately RMB150 million by the end of 2021, (ii) approximately RMB250 million by the end of 2022 and (iii) approximately RMB100 million by the end of 2023 (subject to the actual progress of construction works).

Details of the project:

JMJ Holdings will be responsible for the construction, operation and management of the Project. The Project shall mainly comprise supply chain facilities, including the new central kitchen, and facilities and equipment on food processing, food safety and sanitation, storage and logistics, and quality control. The Project shall also comprise a corporate culture exhibition center, training center and a research and development center. The construction of the Project should be initiated within three months from the date of the delivery of the Land. The Project should be in operation within 24 months from the starting date of the construction.

Consideration

Pursuant to the Project Investment Agreement, the total investment amount shall not be less than RMB500 million, which includes the costs of the acquisition of land use rights of RMB22,910,000 pursuant to the Land Use Rights Transfer Agreement, and the costs of the construction and establishment of Jiumaojiu National Supply Chain Center Base. The Board considers that the Consideration to be paid under the Project Investment Agreement is fair and reasonable, having taken into account the costs of the acquisition of land use rights, the estimated costs of the construction and development of Jiumaojiu National Supply Chain Center Base, the location of the Land, the current market conditions, and business prospects.

The source of funds for the Consideration will be satisfied by the portion of the net proceeds from the Global Offering of approximately HKD76.4 million, which was originally planned to be used for opening one new central kitchen in Foshan by 2021, and the remaining balance will be financed by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND INVESTMENT

As the Group continues to expand its restaurant network in China, the existing central kitchen in Guangdong Province is expected to reach its full production capacity in the near future. In order to better support the expansion of its restaurant network, the Group plans to utilize the Land by establishing a multi-functional Jiumaojiu National Supply Chain Center at Hengli Industrial Park in Guangzhou. The Group aims to further strengthen its supply chain capabilities and enhance its standardized supply chain management through the Project to better leverage on the economies of scale, effectively reduce costs and enhance the profitability of the Group's restaurant operations. The Jiumaojiu National Supply Chain Center would provide multiple functions to the Group, including the operation of a new central kitchen, logistics, storage, food safety, quality control, research and development, staff training, display areas and procurement. As such, the Board considers that the development and establishment of the Jiumaojiu National Supply Chain Center will provide a solid foundation for the Group's current and future business operation and benefit the Group in maintaining better control over key aspects of the Group's business operation, including food safety, quality control and research development so as to better support the Group's expansion of its restaurant network.

As such, the Board believes that the Acquisition and Investment are in alignment with the Group's overall strategic development and would benefit the expansion of the Group's restaurant network and the Group's long-term business development.

The Directors consider that the Acquisition and Investment is conducted in the ordinary and usual course of business. The Directors further consider that the Acquisition and Investment is in the interests of the Group and Shareholders as a whole and the terms thereof are on normal commercial terms which are fair and reasonable.

CHANGE IN USE OF PROCEEDS

As set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus, approximately 4.0% of the total net proceeds from the Global Offering or approximately HKD76.4 million will be used for opening a new central kitchen in Foshan, Guangdong Province, the PRC by 2021. The Land is located at a prime industrial location in Hengli Industrial Park in Guangzhou and is equipped with related facilities and comprehensive commercial amenities. Further, the Land being located in a different area of Guangdong Province enables the Group to further enhance its supply chain capabilities and extend its supply network coverage to support the Group's future restaurant network expansion plan.

In view of the above and having taken into account the favorable terms of the Acquisition and Investment and support from the local government, the Board is of the view that it is advantageous for the Group to open the new central kitchen in Guangzhou instead of Foshan as part of the Project and that the above change in use of proceeds from the Global Offering would allow the Company to deploy its financial resources more efficiently for generating a return to the Shareholders and therefore, is in the best interest of the Company and the Shareholders as a whole and it will not have any material adverse effect on the business and operations of the Group.

INFORMATION OF THE PARTIES

The Group

The Company is an investment holding company and the Group is a leading Chinese cuisine restaurant brand manager and operator in China, focusing on serving cuisines with quick services, and creating a casual and upscale ambience with modern decoration of our restaurants which are primarily located in shopping malls.

JMJ Holdings

JMJ Holdings is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is the investment holding company of the Group in the PRC.

Guangzhou Municipal Planning and Natural Resources Bureau

Guangzhou Municipal Planning and Natural Resources Bureau is a local governmental body of the PRC, which is responsible for, among other things, administering the examination and approval of land planning, assignment and transfer of the land use rights of the state-owned land in Guangzhou, Guangdong Province, the PRC.

Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce

Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce is a local governmental body of the PRC, which is responsible for, among other things, the promotion of economic and trade cooperation in the development area of Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangzhou Municipal Planning and Natural Resources Bureau, Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Consideration under the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Project Investment Agreement constitutes a discloseable transaction for the Company under the Listing Rules and hence is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise defined, the following expressions in this announcement shall have the following meanings:

“Acquisition and Investment”	the acquisition of land use rights of the Land by JMJ Holdings pursuant to the Land Use Rights Transfer Agreement and the investment on the Project pursuant to the Project Investment Agreement
“Board”	the board of Directors
“Company”	Jiumaojiu International Holdings Limited (九毛九国际控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the total investment amount of the Project of not less than RMB500 million (inclusive of the costs of the acquisition of land use rights of RMB22,910,000 pursuant to the Land Use Rights Transfer Agreement)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Global Offering”	the Hong Kong public offering and the international offering of the shares of the Company on January 15, 2020
“Guangzhou Municipal Planning and Natural Resources Bureau”	Guangzhou Municipal Planning and Natural Resources Bureau* (廣州市規劃和自然資源局)
“Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce ”	Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce* (廣州南沙經濟技術開發區商務局)
“HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JMJ Holdings”	Jiumaojiu (Guangzhou) Holdings Limited (九毛九(廣州)控股有限公司), a limited company established under the laws of the PRC on May 27, 2019 and an indirect wholly-owned subsidiary of the Company

“Land”	the parcel of land numbered 2021NGY-2 and located at the north side of Hengli Industrial Park Feng Ma Road, Guangzhou, Guangdong Province, the PRC* (中國廣東省廣州市橫瀝工業園馮馬路北側) with a site area of approximately 39,488 sq.m.
“Land Use Rights Transfer Agreement”	the State-owned Construction Land Use Rights Transfer Agreement (國有建設用地使用權土地出讓合同) entered into between JMJ Holdings and Guangzhou Municipal Planning and Natural Resources Bureau on March 22, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project”	the construction and establishment of Jiumaojiu National Supply Chain Center Base (九毛九全國供應鏈中心基地) on the Land
“Project Investment Agreement”	the Project Investment Agreement (項目投資協議) entered into between JMJ Holdings and Guangzhou Nansha Economic and Technological Development Zone Bureau of Commerce on March 22, 2021 in respect of the investment details of the Project
“Prospectus”	the prospectus of the Company dated December 30, 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, March 22, 2021

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.

* for identification purposes only