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## **Jiumaojiu International Holdings Limited**

**九毛九国际控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9922)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Jiumaojiu International Holdings Limited (九毛九国际控股有限公司) (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended June 30, 2023, together with comparative figures for the six months ended June 30, 2022.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

## KEY FINANCIAL HIGHLIGHTS

	For the six months ended June 30,	
	2023	2022
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Revenue .....	2,879,422	1,899,021
Store level operating profit <sup>(1)</sup> .....	575,179	278,167
Profit before taxation .....	325,379	95,504
Profit for the period .....	238,401	62,503
Profit for the period attributable to equity shareholders of the Company .....	222,212	57,700
Adjusted net profit <sup>(2)</sup> .....	<u>247,887</u>	<u>69,095</u>

### Notes:

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

## KEY OPERATIONAL HIGHLIGHTS

As of/for the six months ended  
June 30,

	2023	2022
<b>Number of restaurants<sup>(1)</sup></b> .....	<b>621</b>	475
<b>Seat turnover rate<sup>(2)</sup></b>		
Tai Er .....	3.1	2.9
Song Hot Pot. ....	2.8	2.4
Jiu Mao Jiu .....	1.7	1.8
<b>Table turnover rate<sup>(3)</sup></b>		
Tai Er .....	4.3	3.8
Song Hot Pot. ....	3.9	3.4
Jiu Mao Jiu .....	2.8	2.6
<b>Average spending per customer (RMB)<sup>(4)</sup></b>		
Tai Er .....	75	78
Song Hot Pot. ....	121	130
Jiu Mao Jiu .....	59	58
<b>Same store sales (RMB'000)<sup>(5)</sup></b>		
Tai Er .....	1,471,206	1,266,987
Song Hot Pot. ....	83,270	66,404
Jiu Mao Jiu .....	299,644	277,990
<b>Same store sales growth (%)</b>		
Tai Er .....	16.1	
Song Hot Pot. ....	25.4	
Jiu Mao Jiu .....	7.8	

*Notes:*

- (1) All restaurants are self-operated restaurants.
- (2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the period.
- (3) Calculated by dividing total tables served by the product of total restaurant operation days and average table count during the period.
- (4) Calculated by dividing revenue generated from restaurant operations for the period by total customer traffic for the period.
- (5) Same store sales for the period refers to the revenue of all restaurants that qualified as same stores during that period. We define our same store base to be those restaurants that opened for at least 150 days in the first half of both 2022 and 2023.

## BUSINESS REVIEW AND OUTLOOK

### Overview

In the first half of 2023, we continue to adhere to our multi-brand and multi-concept strategy and explored new business opportunities, aiming to further expand our market share and maintain our market position as a leading Chinese cuisine restaurant brand manager and operator in the People's Republic of China (“**PRC**”). Following the relaxation of anti-pandemic measures against the novel coronavirus COVID-19 (the “**Pandemic**”) and border reopening in early 2023, we continue to expand our restaurant network. In the first half of 2023, we opened 67 new restaurants, comprising 46 Tai Er restaurants, 16 Song Hot Pot restaurants, one Jiu Mao Jiu restaurant and four Lai Mei Li Grilled Fish restaurants. As of June 30, 2023, we operated 621 restaurants, covering 123 cities in the PRC, one city in Canada, one city in Malaysia and Singapore.

We strived to maintain an optimal portfolio of restaurant brands and focus on brands which we believe to have greater growth potential. To this end, we introduced two new brands, namely Song Hot Pot (慇火鍋) in 2020 and Lai Mei Li Grilled Fish (賴美麗烤魚) in 2021, and disposed of the Double Eggs brand in June 2022. Apart from expanding the restaurant network of Tai Er brand, we will continue to devote more resources to our Song Hot Pot brand and Lai Mei Li Grilled Fish brand.

In view of the diminishing impact of the Pandemic, our revenue increased by 51.6% from RMB1,899.0 million for the six months ended June 30, 2022 to RMB2,879.4 million for the six months ended June 30, 2023, and our profit increased by 281.4% from RMB62.5 million for the six months ended June 30, 2022 to RMB238.4 million for the six months ended June 30, 2023.

### 2023 Interim Business and Financial Performance Review

#### *Restaurant network*

In the first half of 2023, we opened 67 new restaurants, which comprise 46 Tai Er restaurants, 16 Song Hot Pot restaurants, one Jiu Mao Jiu restaurant and four Lai Mei Li Grilled Fish restaurants. Among our restaurants, two Jiu Mao Jiu restaurants were closed in the first half of 2023 due to (i) the termination of the relevant lease agreement and (ii) internal strategy adjustment based on our evaluation.

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

	As of June 30,	
	2023	2022
Number of restaurants		
Tai Er . . . . .	496	384
Song Hot Pot. . . . .	43	11
Jiu Mao Jiu . . . . .	75	77
Uncle Chef . . . . .	1	1
Lai Mei Li Grilled Fish. . . . .	6	2
<b>Total. . . . .</b>	<b>621</b>	<b>475</b>

## Restaurant performance

The table below sets forth the key performance indicators of our restaurants by brand for the periods indicated:

	For the six months ended	
	June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
<b>Revenue (RMB'000)</b>		
Tai Er . . . . .	2,184,164	1,481,439
Song Hot Pot. . . . .	351,710	81,573
Jiu Mao Jiu . . . . .	317,083	311,961
Uncle Chef . . . . .	6,523	6,460
Lai Mei Li Grilled Fish. . . . .	13,183	6,160
Double Eggs (self-operated) <sup>(1)</sup> . . . . .	–	3,826
Double Eggs (franchised) <sup>(1)</sup> . . . . .	–	4,963
<b>Seat turnover rate<sup>(2)</sup></b>		
Tai Er . . . . .	3.1	2.9
Song Hot Pot. . . . .	2.8	2.4
Jiu Mao Jiu . . . . .	1.7	1.8
Uncle Chef . . . . .	1.6	1.7
Lai Mei Li Grilled Fish. . . . .	3.6	2.2
<b>Table turnover rate<sup>(3)</sup></b>		
Tai Er . . . . .	4.3	3.8
Song Hot Pot. . . . .	3.9	3.4
Jiu Mao Jiu . . . . .	2.8	2.6
Uncle Chef . . . . .	2.0	2.2
Lai Mei Li Grilled Fish. . . . .	4.7	3.0
<b>Average spending per customer<sup>(4)</sup> (RMB)</b>		
Tai Er . . . . .	75	78
Song Hot Pot. . . . .	121	130
Jiu Mao Jiu . . . . .	59	58
Uncle Chef . . . . .	155	147
Lai Mei Li Grilled Fish. . . . .	68	84

### Notes:

(1) The Double Eggs brand had been disposed in June 2022. Restaurant performance for franchised Double Eggs restaurants is shown for reference only. Revenue generated by franchised Double Eggs restaurants as shown in the table above does not represent the Group's revenue recognized from these restaurants. Our revenue recognized from these restaurants is contributed from fees we charge our franchisees in accordance with the relative franchise agreements.

(2) Calculated by dividing total customer traffic by the product of total restaurant operation days and average seat count during the period.

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

Restaurant performance of our brands improved in the first half of 2023. In particular, revenue contribution from Tai Er, Song Hot Pot and Lai Mei Li Grilled Fish increased by 47.4%, 331.2% and 114.0%, respectively. Moreover, the seat turnover rates and table turnover rates of Tai Er, Song Hot Pot and Lai Mei Li Grilled Fish also increased, which were mainly attributable to the increase in customer traffic following the relaxation of anti-pandemic measures against the Pandemic and border reopening in early 2023. The decrease in average spending per customer for Tai Er, Song Hot Pot and Lai Mei Li Grilled Fish was a result of our adjustment to menu offerings and food prices, taking into account both internal and external factors such as the market condition and competitive landscape in our industry.

### **Same store sales**

The table below sets forth details of our same store sales by brand for the periods indicated:

	<b>For the six months ended June 30,</b>			
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
<b>Number of same store<sup>(1)</sup></b>				
Tai Er . . . . .	<b>297</b>		210	
Song Hot Pot. . . . .	<b>6</b>		2	
Jiu Mao Jiu . . . . .	<b>71</b>		71	
Uncle Chef . . . . .	<b>1</b>		1	
Lai Mei Li Grilled Fish <sup>(2)</sup> . . . . .	<b>2</b>		–	
<b>Same store sales<sup>(3)</sup> (RMB'000)</b>				
Tai Er . . . . .	<b>1,471,206</b>	<b>1,266,987</b>	954,552	1,243,170
Song Hot Pot. . . . .	<b>83,270</b>	<b>66,404</b>	20,289	17,086
Jiu Mao Jiu . . . . .	<b>299,644</b>	<b>277,990</b>	267,466	295,988
Uncle Chef . . . . .	<b>6,523</b>	<b>6,460</b>	6,460	5,869
Lai Mei Li Grilled Fish <sup>(2)</sup> . . . . .	<b>9,482</b>	<b>6,160</b>	–	–
<b>Same store sales growth (%)</b>				
Tai Er . . . . .	<b>16.1</b>		(23.2)	
Song Hot Pot. . . . .	<b>25.4</b>		18.7	
Jiu Mao Jiu . . . . .	<b>7.8</b>		(9.6)	
Uncle Chef . . . . .	<b>1.0</b>		10.1	
Lai Mei Li Grilled Fish <sup>(2)</sup> . . . . .	<b>53.9</b>		–	

#### **Notes:**

- (1) We define our same store base to be those restaurants that opened for at least 150 days in the first half of both 2021 and 2022, and in the first half of both 2022 and 2023.
- (2) The details of same store sales for Lai Mei Li Grilled Fish for the six months ended June 30, 2021 and 2022 are not available as Lai Mei Li Grilled Fish was introduced in the second half of 2021.
- (3) Same store sales for the period refer to the revenue of all restaurants that qualified as same stores during that period.

## Outlook

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

- ***Replicate our success through further expansion.*** We have been closely monitoring the post-Pandemic environment in the PRC and adjusting the timeline of our restaurant network expansion plan for different brands as and when appropriate. We have fulfilled our restaurant network expansion plan for Tai Er as set out in the prospectus (the “**Prospectus**”) of the Company dated December 30, 2019. We have been closely following the dining trend and preference of customers and introduced two new brands, namely Song Hot Pot in 2020 and Lai Mei Li Grilled Fish in 2021, to expand our brand portfolio. On the other hand, taking into account the future growth potential of the Double Eggs brand, we disposed the Double Eggs brand in the first half of 2022 in order to maintain an optimal portfolio of restaurant brands and focus on brands which we believe to have greater growth potential.
- ***Continue to expand into more market segments by pursuing a multi-brand and multi-concept strategy.*** We plan to further promote the brand image and recognition of Tai Er as it has achieved higher operating profits compared with our other brands. We will continue to develop our Song Hot Pot and Lai Mei Li Grilled Fish brands which we believe have great growth potentials. We will also invest in companies in the catering service industry. We intend to identify targets which adopt innovative business models and possess development and growth potential, or whose business models can create synergies with our business and fit into our multi-brand development strategy. We continue to look for potential targets. We believe our multi-brand and multi-concept strategy allows us to further expand into more market segments, capture market opportunities, broaden our customer base and ultimately increase our market share. The collaboration with various young and innovative brands would enable us to stay attuned to market trends. We will keep exploring potential opportunities and may further expand our brand portfolio to maintain our competitive advantage.
- ***Continue to strengthen our supply chain and support capabilities.*** In 2020, we rented a new warehouse near our central kitchen in Foshan to take up inventories originally stored in the original warehouse (“**First Warehouse**”) of our Foshan central kitchen. This freed up space in the First Warehouse, thereby enabling us to install additional equipment and convert the First Warehouse into a food processing center to expand our production lines, increase our production capacity, and enhance our supply chain capabilities in support of our future expansion plan. We have also commenced the construction of our new supply chain centers in Southern China and Northern China, and a production plant of hot pot base and compound condiments and a central kitchen in Southwest China, to enhance our supply chain capabilities in support of our future expansion plan. To facilitate our production capacity improvement plan, we are in the process of identifying a suitable location for the construction of an additional central kitchen in Eastern China to better support the restaurant network expansion in that region, which will be subject to further discussion by the Board and our senior management. In addition, we will continue our cooperation with suppliers of our key ingredients by way of joint ventures or other means to secure stable supply of key ingredients.

- **Expand into the global markets to gain international presence.** We currently operate Tai Er restaurants in Canada, Singapore and Malaysia. We will continue to carry out comprehensive research into potential overseas target markets and carefully evaluate and select appropriate locations for our expansion to gain international presence. We will prioritize countries and cities with high population of Chinese people, such as North America, Southeast Asia, Oceania, and other overseas Chinese communities, for our future expansion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

Our revenue increased by 51.6% from RMB1,899.0 million for the six months ended June 30, 2022 to RMB2,879.4 million for the same period in 2023.

### Revenue by brand

We generate revenue from four segments classified by brands, including Tai Er, Song Hot Pot, Jiu Mao Jiu and all other brands. The following table sets forth a breakdown of our revenue by brand for the periods indicated:

	For the six months ended June 30,			
	2023		2022	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Tai Er . . . . .	2,188,318	76.0	1,485,617	78.2
Song Hot Pot <sup>(1)</sup> . . . . .	352,248	12.3	81,699	4.3
Jiu Mao Jiu . . . . .	317,833	11.0	312,166	16.5
Others <sup>(1)</sup> . . . . .	21,023	0.7	19,539	1.0
<b>Total</b> . . . . .	<b>2,879,422</b>	<b>100.0</b>	<b>1,899,021</b>	<b>100.0</b>

Note:

- (1) Revenue from Song Hot Pot was included in revenue from other brands in prior periods. Revenue from other brands for the six months ended June 30, 2022 is updated to conform to current presentation.

Our revenue from Tai Er increased by 47.3% from RMB1,485.6 million for the six months ended June 30, 2022 to RMB2,188.3 million for the same period in 2023, primarily due to (i) the restaurant network expansion of Tai Er from 384 restaurants as of June 30, 2022 to 496 restaurants as of June 30, 2023, (ii) the increase in the number of operating days during the six months ended June 30, 2023 compared to the corresponding period in 2022 amid the recovery of its business operation from the Pandemic and (iii) the seat turnover rate of Tai Er restaurants increased from 2.9 for the six months ended June 30, 2022 to 3.1 for the same period in 2023. Our revenue from Tai Er as a percentage of total revenue decreased from 78.2% for the six months ended June 30, 2022 to 76.0% for the same period in 2023 primarily due to the expansion of our other brands.

Our revenue from Song Hot Pot increased by 331.1% from RMB81.7 million for the six months ended June 30, 2022 to RMB352.2 million for the same period in 2023, primarily due to the restaurant network expansion of Song Hot Pot from eleven restaurants as of June 30, 2022 to 43 restaurants as of June 30, 2023. As a result, revenue from Song Hot Pot as a percentage of total revenue increased from 4.3% for the six months ended June 30, 2022 to 12.3% for the same period in 2023.

Our revenue from Jiu Mao Jiu remained relatively stable at RMB312.2 million and RMB317.8 million for the six months ended June 30, 2022 and 2023, respectively. Our revenue from Jiu Mao Jiu as a percentage of total revenue decreased from 16.5% for the six months ended June 30, 2022 to 11.0% for the same period in 2023, primarily due to the continuous expansion of our other brands' restaurant network, especially Tai Er and Song Hot Pot.

Our revenue from other brands remained relatively stable at RMB19.5 million and RMB21.0 million for the six months ended June 30, 2022 and 2023, respectively, representing 1.0% and 0.7% of our total revenue for the same periods.

### ***Revenue by service line***

Services provided by us or activities we engage in currently comprise (i) restaurant operations, (ii) delivery business and (iii) others, mainly including sales of goods and sales of specialities. The following table sets forth a breakdown of our revenue from each service line for the periods indicated:

	<b>For the six months ended June 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>	<b>%</b>
	<b><i>(Unaudited)</i></b>		<b><i>(Unaudited)</i></b>	
Restaurant operations . . . . .	<b>2,426,284</b>	<b>84.2</b>	1,534,557	80.8
Delivery business . . . . .	<b>445,818</b>	<b>15.5</b>	356,182	18.7
Others <sup>(1)(2)</sup> . . . . .	<b>7,320</b>	<b>0.3</b>	8,282	0.5
<b>Total</b> . . . . .	<b><u>2,879,422</u></b>	<b><u>100.0</u></b>	<b><u>1,899,021</u></b>	<b><u>100.0</u></b>

*Notes:*

- (1) The Group no longer generated revenue from franchising following the disposal of Guangzhou Double Eggs Catering Co., Ltd., and from the management and operation of Machang Restaurant following its deregistration. For details, please refer to the announcement of the Company dated June 17, 2022 and the annual report of the Group for the year ended December 31, 2022.
- (2) Revenue from others mainly include sales of goods and sales of specialities. Revenue from others for the six months ended June 30, 2022 is updated to conform to current presentation.

Revenue from restaurant operations increased by 58.1% from RMB1,534.6 million for the six months ended June 30, 2022 to RMB2,426.3 million for the same period in 2023, primarily due to (i) our restaurant network expansion from 475 restaurants as of June 30, 2022 to 621 restaurants as of June 30, 2023 and (ii) an increase in the number of operating days during the six months ended June 30, 2023 compared to the corresponding period in 2022 amid the recovery of its business operation from the Pandemic. As a result, revenue from restaurant operations as a percentage of total revenue increased from 80.8% for the six months ended June 30, 2022 to 84.2% for the same period in 2023.

Revenue from delivery business increased by 25.2% from RMB356.2 million for the six months ended June 30, 2022 to RMB445.8 million for the same period in 2023, primarily due to an increase in the number of restaurants that offered delivery services along with our restaurant network expansion. Revenue from our delivery business as a percentage of total revenue decreased from 18.7% for the six months ended June 30, 2022 to 15.5% for the same period in 2023, primarily due to the moderate increase in customer demand on delivery services comparatively in view of the recovery of restaurant operations from the Pandemic.

Revenue from others decreased by 12.0% from RMB8.3 million for the six months ended June 30, 2022 to RMB7.3 million for the same period in 2023, primarily due to a decrease in revenue generated from sales from specialities. As a result, revenue from others as a percentage of total revenue decreased from 0.5% for the six months ended June 30, 2022 to 0.3% for the same period in 2023.

### **Other Revenue**

Our other revenue increased by 110.3% from RMB25.3 million for the six months ended June 30, 2022 to RMB53.2 million for the same period in 2023, primarily due to (i) an increase in interest income on bank deposits attributable to the increased interest rate and (ii) an increase in government grants.

### **Raw Materials and Consumables Used**

Our raw materials and consumables used increased by 57.1% from RMB663.7 million for the six months ended June 30, 2022 to RMB1,042.4 million for the same period in 2023 in line with the increase in revenue. Our raw materials and consumables used as a percentage of revenue increased from 34.9% for the six months ended June 30, 2022 to 36.2% for the same period in 2023, primarily due to the restaurant expansion of our Song Hot Pot and Lai Mei Li Grilled Fish which use a higher proportion of raw materials and consumables compared with our other brands.

### **Staff Costs**

Our staff costs increased by 31.9% from RMB543.9 million for the six months ended June 30, 2022 to RMB717.6 million for the same period in 2023, primarily due to an increase in the number of our store level employees arising from the expansion of our restaurant network. Our staff costs as a percentage of revenue decreased from 28.6% for the six months ended June 30, 2022 to 24.9% for the same period in 2023, primarily because the increase in total revenue outpaced the increase in our staff costs as a result of the recovery of restaurant operations from the Pandemic.

## **Depreciation of Right-of-use Assets**

Depreciation of right-of-use assets increased by 18.5% from RMB191.9 million for the six months ended June 30, 2022 to RMB227.4 million for the same period in 2023, primarily due to an increase in the number of our restaurants. Depreciation of right-of-use assets as a percentage of revenue decreased from 10.1% for the six months ended June 30, 2022 to 7.9% for the same period in 2023, primarily because the increase in total revenue outpaced the increase in depreciation of right-of-use assets as a result of the recovery of restaurant operations from the Pandemic.

## **Other Rentals and Related Expenses**

Our other rentals and related expenses increased by 56.8% from RMB42.8 million for the six months ended June 30, 2022 to RMB67.1 million for the same period in 2023, primarily due to (i) an increase in the number of our restaurants and (ii) an increase in variable rent payment as a result of our revenue growth. Our other rentals and related expenses as a percentage of revenue remained stable at 2.3% for the six months ended June 30, 2022 and 2023.

## **Depreciation and Amortization of Other Assets**

Depreciation and amortization of other assets increased by 16.7% from RMB93.5 million for the six months ended June 30, 2022 to RMB109.1 million for the same period in 2023, primarily due to an increase in restaurant decoration expenditures and purchases of kitchen and other equipment along with our restaurant network expansion. Depreciation and amortization of other assets as a percentage of revenue decreased from 4.9% for the six months ended June 30, 2022 to 3.8% for the same period in 2023, primarily because the increase in total revenue outpaced the increase in depreciation and amortization of other assets as a result of the recovery of restaurant operations from the Pandemic.

## **Utility Expenses**

Our utility expenses increased by 50.6% from RMB66.8 million for the six months ended June 30, 2022 to RMB100.6 million for the same period in 2023, primarily due to the expansion of our restaurant network. Our utility expenses as a percentage of revenue remained stable at 3.5% for the six months ended June 30, 2022 and 2023.

## **Travelling and Related Expenses**

Our travelling and related expenses increased by 82.6% from RMB9.2 million for the six months ended June 30, 2022 to RMB16.8 million for the same period in 2023, primarily because our staff traveled more frequently for daily operations as a result of the nationwide expansion of our restaurant network. Our travelling and related expenses as a percentage of revenue remained relatively stable at 0.5% and 0.6% for the six months ended June 30, 2022 and 2023, respectively.

## **Advertising and Promotion Expenses**

Our advertising and promotion expenses increased by 37.8% from RMB23.3 million for the six months ended June 30, 2022 to RMB32.1 million for the same period in 2023, primarily due to an increase in advertisement placement. Our advertising and promotion expenses as a percentage of revenue remained relatively stable at 1.2% and 1.1% for the six months ended June 30, 2022 and 2023, respectively.

## **Other Expenses**

Our other expenses increased by 52.4% from RMB125.3 million for the six months ended June 30, 2022 to RMB191.0 million for the same period in 2023, primarily due to (i) an increase in expenses for opening new restaurants and (ii) an increase in transportation and related expenses along with our restaurant network expansion.

## **Share of Losses of Associates**

We incurred share of losses of associates of RMB2.9 million for the six months ended June 30, 2023, while incurred share of losses of associates of RMB2.2 million for the same period in 2022, primarily because the associates we invested in incurred losses for the six months ended June 30, 2023.

## **Other Net Losses**

We incurred other net losses of RMB57.2 million for the six months ended June 30, 2023, while we recognized other net losses of RMB27.0 million for the six months ended June 30, 2022, primarily due to foreign exchange losses of approximately RMB45.8 million incurred for the six months ended June 30, 2023.

## **Finance Costs**

Our finance costs increased by 8.9% from RMB39.2 million for the six months ended June 30, 2022 to RMB42.7 million for the same period in 2023, primarily due to an increase in interest on lease liabilities recognized in accordance with IFRS 16 associated with our increased number of leases as a result of the expansion of our restaurant network.

## **Income Tax**

Our income tax expenses increased by 163.6% from RMB33.0 million for the six months ended June 30, 2022 to RMB87.0 million for the same period in 2023, primarily due to an increase in taxable income.

## **Profit for the Period**

As a result of the foregoing, our profit increased by 281.4% from RMB62.5 million for the six months ended 30 June 2022 to RMB238.4 million for the same period in 2023.

## **Non-IFRS Measures**

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

### ***Store Level Operating Profit and Store Level Operating Profit Margin***

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

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

	<b>For the six months ended June 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Operating Profit</b>	<b>Operating Profit Margin</b>	<b>Operating Profit</b>	<b>Operating Profit Margin</b>
	<b>RMB'000</b>	<b>(%)</b>	<b>RMB'000</b>	<b>(%)</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Tai Er . . . . .	<b>466,917</b>	<b>21.3</b>	244,463	16.5
Song Hot Pot <sup>(1)</sup> . . . . .	<b>48,370</b>	<b>13.7</b>	(1,148)	(1.4)
Jiu Mao Jiu . . . . .	<b>60,866</b>	<b>19.2</b>	36,563	11.7
Other brands <sup>(1)</sup> . . . . .	<b>(974)</b>	<b>(4.6)</b>	(1,711)	(8.8)
<b>Total</b> . . . . .	<b><u>575,179</u></b>	<b><u>20.0</u></b>	<b><u>278,167</u></b>	<b><u>14.6</u></b>

*Note:*

- (1) Store level operating profit and store level operating profit margin of Song Hot Pot were included in other brands in prior periods. Store level operating profit and store level operating profit margin of other brands for the six months ended June 30, 2022 are updated to conform to current presentation.

### ***Adjusted Net Profit and Adjusted Net Profit Margin***

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

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<u>2023</u>	<u>2022</u>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<i><b>(Unaudited)</b></i>	<i><b>(Unaudited)</b></i>
Profit for the period . . . . .	<b>238,401</b>	62,503
Add:		
Equity-settled share-based payment expenses . . . . .	<b>9,486</b>	6,592
<b>Adjusted net profit</b> . . . . .	<b>247,887</b>	69,095
Revenue . . . . .	<b>2,879,422</b>	1,899,021
<b>Adjusted net profit margin (%)</b> . . . . .	<b>8.6</b>	<b>3.6</b>

#### **Inventories**

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

	<b>As of</b>	<b>As of</b>
	<b>June 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<i><b>(Unaudited)</b></i>	<i><b>(Audited)</b></i>
Food ingredients . . . . .	<b>76,312</b>	73,056
Condiment product . . . . .	<b>29,089</b>	23,547
Beverage . . . . .	<b>4,794</b>	4,240
Other materials . . . . .	<b>13,810</b>	17,256
<b>Total</b> . . . . .	<b>124,005</b>	<b>118,099</b>

Our inventories increased by 5.0% from RMB118.1 million as of December 31, 2022 to RMB124.0 million as of June 30, 2023, primarily due to the expansion of our restaurant network.

Our inventory turnover days for the year ended December 31, 2022 and for the six months ended June 30, 2023, being the average of the beginning and ending balances of inventories for that year/period divided by raw materials and consumables used for the same year/period and multiplied by the number of days in that year/period, was 23.8 days and 20.9 days, respectively. The decrease in our inventory turnover days was primarily due to the faster consumption of food ingredients as a result of the recovery of our restaurant operations from the Pandemic.

### **Right-of-use Assets**

Our right-of-use assets, which represented the leases for our restaurant premises, headquarters offices, central kitchens and certain kitchen equipment, increased by 8.6% from RMB1,571.0 million as of December 31, 2022 to RMB1,706.4 million as of June 30, 2023, primarily due to the increase in the number of our Tai Er restaurants and Song Hot Pot restaurants.

### **Trade Debtors**

Our trade debtors 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 our delivery business settled through third party delivery services platform, which were settled within three calendar days, and, to a lesser extent, (iii) bills received by shopping malls on behalf of us for certain restaurants, which were normally settled within one month. Our trade debtors increased by 42.7% from RMB20.6 million as of December 31, 2022 to RMB29.4 million as of June 30, 2023, primarily due to the expansion of our restaurant network. Our trade debtors turnover days, being the average of the beginning and ending balances of trade debtors for that year/period divided by revenue for the same year/period and multiplied by the number of days in that year/period, remained relatively stable at 1.5 days for the year ended December 31, 2022 and 1.6 days for the six months ended June 30, 2023, respectively.

### **Trade Payables**

Our trade payables primarily consisted of payables to our suppliers. Our trade payables decreased by 7.7% from RMB188.2 million as of December 31, 2022 to RMB173.8 million as of June 30, 2023. Our trade payables turnover days, being the average of the beginning and ending balances of trade payables for that year/period divided by raw materials and consumables used for the same year/period and multiplied by the number of days in that year/period, decreased from 41.5 days for the year ended December 31, 2022 to 31.3 days for the six months ended June 30, 2023. Both decreases were primarily due to the timely settlement of certain purchases.

### **Capital Structure**

Our total assets increased from RMB5,407.1 million as of December 31, 2022 to RMB6,084.6 million as of June 30, 2023. Our total liabilities increased from RMB2,207.9 million as of December 31, 2022 to RMB2,582.1 million as of June 30, 2023. Liabilities-to-assets ratio increased from 40.8% as of December 31, 2022 to 42.4% as of June 30, 2023.

The current ratio, being current assets divided by current liabilities as of the respective dates, remained relatively stable at 2.71 as of December 31, 2022 and 2.76 as of June 30, 2023, respectively.

## Liquidity, Capital Resources and Gearing

The Group adopts a prudent funding and treasury policy with a view to optimize our financial position. We regularly monitor our funding requirements to support our business operations and perform ongoing liquidity review. For the six months ended June 30, 2023, we financed our 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). We mainly used Renminbi and Hong Kong dollars to make borrowings and loans and to hold cash and cash equivalents. We primarily utilized our cash on procurement of food ingredients, consumables and equipment, supply chain construction and restaurant renovations. Our cash and cash equivalents decreased by 15.6% from RMB1,098.9 million as of December 31, 2022 to RMB927.5 million as of June 30, 2023, primarily because (i) we put more cash in fixed deposit account and (ii) more deposit was pledged as securities for bank loans.

Our gearing ratio, being interest-bearing bank loans divided by total equity as of the respective dates and multiplied by 100%, increased from 0.9% as of December 31, 2022 to 5.7% as of June 30, 2023, primarily due to the increase in balance of the bank loans.

## Capital Expenditures

Our capital expenditures, which refer 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, purchasing furniture and equipment used in our restaurant operations and construction of supply chain. Our total capital expenditures increased by 137.1% from RMB123.2 million for the six months ended June 30, 2022 to RMB292.1 million for the same period in 2023.

## Indebtedness

### *Bank Loans*

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

	<b>As of June 30, 2023</b>	As of December 31, 2022
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
Within one year or on demand . . . . .	<b>70,000</b>	30,000
After one year but within two years . . . . .	<b>131,325</b>	–
	<b>201,325</b>	30,000

As of 30 June 2023, bank loans of RMB131.3 million were with floating-interest rates (as of December 31, 2022: nil), and bank loans of RMB70.0 million were with fixed-interest rate (as of December 31, 2022: RMB30.0 million).

As of 30 June 2023, bank loans of RMB171.3 million were secured by bank deposits or guaranteed by the subsidiaries of the Group (as of December 31, 2022: nil), and bank loans of RMB30.0 million were unsecured and unguaranteed (as of December 31, 2022: RMB30.0 million).

### ***Lease Liabilities***

Our lease liabilities increased by 8.7% from RMB1,650.4 million as of December 31, 2022 to RMB1,794.3 million as of June 30, 2023, primarily due to the restaurant expansion of Tai Er and Song Hot Pot.

### **Contingent Liabilities**

As of June 30, 2023, 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.

### **Balance with Related Parties**

On January 17, 2023 and January 29, 2023, the Group settled payments for premises on behalf of Guangzhou Yanshang Investment Co., Ltd., a company ultimately wholly owned by Mr. Guan Yihong, in an aggregate amount of RMB80.7 million which were accounted for as advances (the “**Advances**”) to an entity owned by the ultimate controlling shareholder in the Group's consolidated financial statements. The Advances bore an interest rate at 2.6% per annum and were repayable on demand. The Advances, among others, remained outstanding as of June 30, 2023. As of the date of this announcement, Mr. Guan Yihong had fully repaid the Advances to the Group.

As defined in Chapter 14A of the Listing Rules, Mr. Guan Yihong is a connected person of the Company by virtue of his position as an executive Director and the controlling shareholder of the Company. Guangzhou Yanshang Investment Co., Ltd., which is ultimately wholly owned by Mr. Guan Yihong, is an associate of Mr. Guan Yihong and hence a connected person of the Company. As the highest applicable percentage ratio for the provision of the Advances exceeds 0.1% but is less than 5%, pursuant to Rule 14A.35 of the Listing Rules, the provision of the Advances constitutes a non-exempt connected transaction of the Company, which is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules. Due to a misunderstanding of the relevant requirements under the Listing Rules, the Company failed to disclose the provision of the Advances. A further announcement will be made by the Company in respect of the provision of the Advances as soon as possible.

Save for the provision of the Advances, none of the related party transactions of the Group constitutes a connected transaction as defined under the Listing Rules which requires to be disclosed.

## **Pledge of Assets**

As of June 30, 2023, bank deposits of RMB10.6 million were pledged as securities for a currency forward contract (as of December 31, 2022: RMB10.6 million) and bank deposits of RMB82.6 million were pledged as securities for bank loans (as of December 31, 2022: Nil).

Save as disclosed above, as of June 30, 2023, the Group did not have any pledge on its assets.

## **Significant Events After the Reporting Period**

There are no material events subsequent to June 30, 2023 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 used currency forward contracts to hedge its foreign currency exchange risks, and will closely monitor the exposure and take additional measures when necessary to make sure the foreign exchange risks are manageable.

## **Material Acquisitions, Disposals and Future Plans for Major Investment**

During the six months ended June 30, 2023, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus and the intended use of proceeds from the Subscription as disclosed in the Company's announcements dated July 16, 2020, July 23, 2020 and July 30, 2020, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## **Interim Dividend**

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

## **Company Information**

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

## **Employees**

As of June 30, 2023, the Group had a total of 11,107 employees and 9,752 outsourced personnel, substantially all of whom were based in the PRC.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. We determine 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. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

For the six months ended June 30, 2023, our staff costs (including Directors' emoluments) were RMB717.6 million (for the six months ended June 30, 2022: RMB543.9 million).

## No Material Changes

Since the publication of the Group's annual report for the year ended December 31, 2022 on April 27, 2023, there has been no material change to the Group's business.

## Use of Proceeds

### *Use of Proceeds from the Global Offering*

The net proceeds from the Global Offering amounted to approximately HKD2,372.9 million. The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup>:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering (In HKD millions)	Percentage of used amount as of August 14, 2023 (%)	Percentage of unused balance as of August 14, 2023 (%)	Timeframe for the unused balance
Expand our restaurant network . . . . .	77.4	1,837.9 <sup>(2)</sup>	84.0	16.0	By the end of 2024 <sup>(3)</sup>
<b>Further strengthen the supply and support capabilities for our restaurants and enhance our centralized procurement system . . . . .</b>	5.6	133.7	100.0	-	-
Construct and establish a supply chain center in Southern China by 2023 . . . . .	3.2	76.4	100.0	-	-
Renovate our existing central kitchens and upgrading our equipment and facilities . .	2.4	57.3	100.0	-	-
<b>Repay part of our bank loans . . . . .</b>	8.9	210.2	100.0	-	-
<b>Working capital and general corporate purposes . . . . .</b>	8.1	191.1	100.0	-	-
<b>Total . . . . .</b>	<b>100.0</b>	<b>2,372.9</b>	<b>87.6</b>	<b>12.4</b>	<b>By the end of 2024</b>

*Notes:*

- (1) The figures in the table are approximate figures.
- (2) Including the net proceeds of approximately HKD315.0 million (after deducting the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the exercise of the Over-allotment Option) for the 50,010,000 shares issued upon the exercise in full of the Over-allotment Option.
- (3) The net proceeds from the Global Offering have been used according to the intentions previously disclosed, except that, in light of the persistently uncertain business environment and the outbreak of the Pandemic, barring any unforeseen situations beyond the Group's control, it is expected that the unused net proceeds of approximately HK\$294.6 million for the expansion of our restaurant network, including opening of new restaurants and the renovation of existing restaurants, as of August 14, 2023 are to be fully utilized by the end of 2024.

The expected timeline of full utilization of the unutilized net proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions. The Directors will constantly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. The Directors will also take a cautious approach continually when considering using the proceeds and closely monitor the changes of the market conditions from time to time. Should there be any material change in the intended use of the unutilized net proceeds, the Company will make appropriate announcement(s) in due course.

As of the date of this announcement, the Directors are not aware of any material change to the planned use of the proceeds as disclosed in the section under "Future Plans and Use of Proceeds" in the Prospectus and the announcement of the Company dated March 22, 2021.

***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 <i>(In HKD millions)</i>	Percentage of used amount as of August 14, 2023  (%)	Percentage of unused balance as of August 14, 2023  (%)	Timeframe for the unused balance
Invest in suppliers for key raw material	55.0	456.5	49.3	50.7	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	69.5	30.5	By the end of 2026
<b>Total</b>	<b>100.0</b>	<b>830.0</b>	<b>67.6</b>	<b>32.4</b>	<b>By the end of 2026</b>

*Note:* The figures in the table are approximate figures.

## RESTRICTED STOCK UNIT SCHEME

The Group's controlling shareholder, Mr. Guan Yihong, operated a share-based incentive scheme (the "**Old RSU Scheme**") under which the restricted stock units ("**RSUs**") of Guangzhou Jiumaojiu Catering Chain Co., Ltd. ("**Guangzhou Jiumaojiu**"), an indirect wholly-owned subsidiary of the Company, were granted as share incentives to qualified directors and employees of Guangzhou Jiumaojiu and its subsidiaries (the "**RSU grantees**") through an employee shareholding platform (the "**RSU platform**"), Guangzhou Maixuan Investment Center (Limited Partnership), which was a shareholder of Guangzhou Jiumaojiu prior to the reorganization of the Group in preparation for the Listing. The principal terms of the restricted stock unit scheme (the "**RSU Scheme**"), approved and adopted by the Board to govern the RSUs granted under the Old RSU Scheme, approved and adopted by the board of directors of Guangzhou Jiumaojiu on December 3, 2014, largely mirror those of the Old RSU Scheme. All RSUs granted under the Old RSU Scheme were converted into the shares of MT J Limited and MX J Limited upon the completion of the reorganization of the Group on June 14, 2019. No restricted stock units have been granted or will be granted under the RSU Scheme. No more RSUs will be granted under the Old RSU Scheme. If any RSU lapses, the corresponding Shares will be transferred to Mr. Guan Yihong or his wholly-owned investment vehicle after the Listing. The RSU Scheme will terminate as soon as all the RSUs granted under the Old RSU Scheme lapse or vest.

Each participant in the RSU Scheme (the "**RSU Participant**") shall remain in service with Guangzhou Jiumaojiu or any of its subsidiaries for five years from the date of granting the RSUs (the "**Service Period**") and the RSUs shall vest at the end of the Service Period. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer. The RSUs granted pursuant to the RSU Scheme are personal to each RSU Participant, and are not assignable during the Service Period, unless otherwise permitted under the RSU Scheme.

As of January 1, 2023, the total number of unvested RSUs was 7,053,710. As of June 30, 2023, the total number of unvested RSUs was 392,750, representing approximately 0.03% of the total number of Shares in issue at that date.

Further details of the RSU Scheme are/will be set out in Appendix IV to the Prospectus and in the 2023 interim report of our Company.

Details of the RSUs granted under the RSU Scheme and the movements in RSUs during the period from January 1, 2023 to June 30, 2023 are set out below:

Name of grantee of RSU	Position held with the Group	Number of Shares represented by RSUs as at January 1, 2023	Date of grant	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Unvested as at June 30, 2023	Weighted average closing price immediately before the vesting date during the period (HKD per Share)	Number of Shares represented by RSUs as at June 30, 2023	Vesting date
<b>Director of the Company</b>											
Cui Longyu . . .	Executive Director, vice president, director of human resources of Guangzhou Jiumaojiu	981,875	Jun 8, 2018	-	(981,875)	-	-	-	13.90	-	Jun 8, 2023
<b>Senior management of the Group</b>											
Hu Zhonghua . .	Director of development of Guangzhou Jiumaojiu	157,100	Jun 8, 2018	-	(157,100)	-	-	-	13.90	-	Jun 8, 2023
<b>Other employees of the Group</b>											
14 other employees of the Group . .	-	5,914,735	Jun 8, 2018 Oct 12, 2018	-	(5,521,985)	-	-	392,750	13.90	392,750	Jun 8, 2023 Oct 12, 2023
<b>Total . . . . .</b>	<b>-</b>	<b><u>7,053,710</u></b>		<b><u>-</u></b>	<b><u>(6,660,960)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>392,750</u></b>		<b><u>392,750</u></b>	

## SHARE OPTION SCHEME

A share option scheme was conditionally approved and adopted by our 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 our Company with a means of incentivizing any director or employee of our Group who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company’s corporate culture.

The Share Option Scheme remains valid for a period of ten years commencing on December 6, 2019. As at June 30, 2023, the remaining life of the Share Option Scheme is approximately six years and five months.

The table below sets out the details of share options granted and outstanding during the period from January 1, 2023 to June 30, 2023 under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2023	Granted during the period	Date of grant	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at June 30, 2023	Exercise price (HKD per Share)	Closing price immediately before the date of grant	Weighted average closing price immediately before the date of exercise of options during the period	Fair value of Shares at the date of grant	Vesting period	Exercise period
									(HKD per Share)	(HKD per Share)			
<b>Directors of the Company</b>													
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
Cui Longyu . . . .	222,500	-	Oct 28, 2020	-	-	-	222,500	17.98	-	-	-	Oct 28, 2020 – Oct 27, 2021	Oct 28, 2021 – Oct 27, 2023
	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
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
Su Danman . . . . .	35,600	-	Oct 28, 2020	-	-	-	35,600	17.98	-	-	-	Oct 28, 2020 – Oct 27, 2021	Oct 28, 2021 – Oct 27, 2023
	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

Name of grantee	Outstanding as at January 1, 2023	Granted during the period	Date of grant	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at June 30, 2023	Exercise price (HKD per Share)	Closing price immediately before the date of grant	Weighted average closing price immediately before the date of exercise of options	Fair value of Shares at the date of grant	Vesting period	Exercise period
									during the period (HKD per Share)	during the period (HKD per Share)	during the period (HKD)		
<b>Employees of the Group</b>													
Employees of the Group <sup>(1)</sup> . . .	601,700	-	Oct 28, 2020	(182,200)	-	-	419,500	17.98	-	22.97	-	Oct 28, 2020 – Oct 27, 2021	Oct 28, 2021 – Oct 27, 2023
	2,485,700	-	Oct 29, 2021	(117,400)	-	(35,600)	2,332,700	20.24	-	22.90	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022 – Oct 28, 2024
	4,443,000	-	Nov 14, 2022	-	-	(775,000)	3,668,000	16.04	-	-	-	Nov 14, 2022 – Nov 13, 2023	Nov 14, 2023 – Nov 13, 2025
<b>Total . . . . .</b>	<b><u>9,982,500</u></b>	<b><u>-</u></b>		<b><u>(299,600)</u></b>	<b><u>-</u></b>	<b><u>(810,600)</u></b>	<b><u>8,872,300</u></b>						

*Note:*

- (1) With effect from June 9, 2023, Mr. Li Zhuoguang resigned as an executive Director, the chief financial officer, the vice president, an authorized representative, the joint company secretary and a member of the remuneration committee of the Company. Following the resignation, Mr. Li Zhuoguang remained as a consultant to the Company providing advice until August 9, 2023. Information of Mr. Li's share options during the reporting period is included in the category of "Employees of the Group".

As of January 1, 2023, the number of Shares available for further grant under the Share Option Scheme was 122,555,400. As of June 30, 2023, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 8,872,300, representing 0.61% of the total number of Shares in issue at that date, and the number of Shares available for further grant under the Share Option Scheme was 123,366,000, representing 8.48% of the total number of Shares in issue at that date.

**ROUNDING**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***for the six months ended 30 June 2023 – unaudited**(Expressed in Renminbi)*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>2,879,422</b>	1,899,021
Other revenue		<b>53,163</b>	25,271
Raw materials and consumables used		<b>(1,042,380)</b>	(663,688)
Staff costs		<b>(717,599)</b>	(543,906)
Depreciation of right-of-use assets		<b>(227,380)</b>	(191,925)
Other rentals and related expenses		<b>(67,133)</b>	(42,832)
Depreciation and amortisation of other assets		<b>(109,135)</b>	(93,495)
Utility expenses		<b>(100,553)</b>	(66,825)
Travelling and related expenses		<b>(16,814)</b>	(9,182)
Advertising and promotion expenses		<b>(32,110)</b>	(23,269)
Other expenses		<b>(190,957)</b>	(125,286)
Share of losses of associates		<b>(2,912)</b>	(2,162)
Other net losses		<b>(57,246)</b>	(27,001)
Finance costs		<b>(42,661)</b>	(39,217)
Impairment losses of property, plant and equipment and right-of-use assets		<b>(326)</b>	–
<b>Profit before taxation</b>		<b>325,379</b>	95,504
Income tax	5	<b>(86,978)</b>	(33,001)
<b>Profit for the period</b>		<b>238,401</b>	62,503
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>222,212</b>	57,700
Non-controlling interests		<b>16,189</b>	4,803
<b>Profit for the period</b>		<b>238,401</b>	62,503
<b>Earnings per share</b>			
Basic (RMB)	6	<b>0.15</b>	0.04
Diluted (RMB)	6	<b>0.15</b>	0.04

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 – unaudited

(Expressed in Renminbi)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>238,401</b>	62,503
<b>Other comprehensive income for the period:</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<b>8,243</b>	(142,251)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Chinese Mainland	<b>74,290</b>	94,809
<b>Other comprehensive income for the period</b>	<b>82,533</b>	(47,442)
<b>Total comprehensive income for the period</b>	<b>320,934</b>	15,061
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>304,745</b>	10,258
Non-controlling interests	<b>16,189</b>	4,803
<b>Total comprehensive income for the period</b>	<b>320,934</b>	15,061

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 – unaudited

(Expressed in Renminbi)

		At 30 June 2023	At 31 December 2022
	<i>Note</i>	<u>RMB'000</u>	<u>RMB'000</u>
<b>Non-current assets</b>			
Property, plant and equipment		913,171	736,623
Right-of-use assets		1,706,365	1,570,992
Intangible assets		25,990	24,562
Interest in associates		7,153	10,066
Other non-current financial assets		166,302	153,864
Deferred tax assets		115,259	115,015
Rental deposits		95,233	83,383
Other non-current assets		139,252	127,336
		<u>3,168,725</u>	<u>2,821,841</u>
<b>Current assets</b>			
Inventories		124,005	118,099
Trade and other receivables	7	637,670	505,456
Restricted bank deposits	8	93,199	10,563
Deposits with banks with original maturity date over three months	8	1,133,507	852,241
Cash and cash equivalents	8	927,533	1,098,872
		<u>2,915,914</u>	<u>2,585,231</u>
<b>Current liabilities</b>			
Trade and other payables	9	447,141	460,364
Contract liabilities		7,069	4,214
Lease liabilities		465,520	442,913
Bank loans		70,000	30,000
Current taxation		67,372	17,467
		<u>1,057,102</u>	<u>954,958</u>
<b>Net current assets</b>		<u>1,858,812</u>	<u>1,630,273</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2023 – unaudited (continued)**(Expressed in Renminbi)*

		<b>At 30 June 2023</b>	At 31 December 2022
	<i>Note</i>	<b><u>RMB'000</u></b>	<u>RMB'000</u>
<b>Non-current liabilities</b>			
Bank loans		<b>131,325</b>	–
Lease liabilities		<b>1,328,777</b>	1,207,438
Provisions		<b>41,171</b>	37,949
Derivative financial liabilities		<b>12,259</b>	–
Deferred tax liabilities		<b>11,508</b>	7,595
		<b><u>1,525,040</u></b>	<u>1,252,982</u>
<b>NET ASSETS</b>			
		<b><u>3,502,497</u></b>	<u>3,199,132</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>11(b)</i>	<b>1</b>	1
Reserves		<b><u>3,479,933</u></b>	<u>3,174,281</u>
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>3,479,934</b>	3,174,282
<b>Non-controlling interests</b>			
		<b><u>22,563</u></b>	<u>24,850</u>
<b>TOTAL EQUITY</b>			
		<b><u>3,502,497</u></b>	<u>3,199,132</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

## 1 BASIS OF PREPARATION

This unaudited interim financial information was extracted from the interim financial report of Jiumaojiu International Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2023.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 22 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Jiumaojiu International Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendment to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pilar Two model rules*

Except for the Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*, none of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs is discussed below:

Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

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

#### *Disaggregation of revenue*

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15:</b>		
Restaurant operations	2,426,284	1,534,557
Delivery business	445,818	356,182
Others	7,320	8,282
	<u>2,879,422</u>	<u>1,899,021</u>

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

No revenue from individual customer contributing over 10% of total revenue of the Group for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

#### (b) Segment Reporting

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

- Tai Er: this segment operates restaurants featuring signature dish Chinese sauerkraut fish and delivery business under Tai Er brand.
- Song Hot Pot: this segment operates restaurants featuring Chongqing style 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 includes restaurants operating in other brands such as Uncle Chef and Lai Mei Li Grilled Fish.

**(i) Segment results, assets and liabilities**

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

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

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

The measure used for reporting segment profit is "Non-GAAP Operating Profit", i.e. revenue deducting the following expenses 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 period is set out below.

For the six months ended	Tai Er		Song Hot Pot		Jiu Mao Jiu		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Reportable segment revenue</b>										
Revenue from external customers	2,188,318	1,485,617	352,248	81,699	317,833	312,166	21,023	19,539	2,879,422	1,899,021
<b>Reportable segment profit/(loss)</b>										
(Non-GAAP Operating Profit)	466,917	244,463	48,370	(1,148)	60,866	36,563	(974)	(1,711)	575,179	278,167
Finance costs	(32,276)	(27,989)	(6,704)	(2,778)	(2,748)	(8,103)	(933)	(347)	(42,661)	(39,217)
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets, net	(1,484)	(405)	(140)	280	1,212	2,088	(1)	20	(413)	1,983
<b>As at 30 June/31 December</b>										
<b>Reportable segment assets</b>	2,599,020	2,462,541	449,665	313,712	971,405	891,037	78,684	42,913	4,098,774	3,710,203
<b>Reportable segment liabilities</b>	2,174,657	2,275,416	521,060	395,853	516,448	526,875	85,185	63,021	3,297,350	3,261,165

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Reportable segment profit (Non-GAAP Operating Profit)	575,179	278,167
Other revenue	53,163	25,271
Travelling and related expenses	(16,814)	(9,182)
Share of losses of associates	(2,912)	(2,162)
Other net losses	(57,246)	(27,001)
Finance costs	(42,661)	(39,217)
Impairment losses of property, plant and equipment and right-of-use assets	(326)	–
Unallocated headquarter expenses	(183,004)	(130,372)
	<u>325,379</u>	<u>95,504</u>
Consolidated profit before taxation	<u>325,379</u>	<u>95,504</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 the PRC during the six months ended 30 June 2023 (six months ended 30 June 2022: over 90%).

**4 SEASONALITY OF OPERATIONS**

The Group's restaurant operations business is subject to seasonal factors. Customer traffic in restaurants is usually higher during the Chinese New Year holidays, peak summer season and National Day holidays than the rest of the year. Any decrease in customer traffic in restaurants during these periods may have an adverse impact on revenue. For the twelve months ended 30 June 2023, the Group reported revenue of RMB4,986,123,000 (twelve months ended 30 June 2022: RMB4,057,240,000).

**5 INCOME TAX**

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Current tax</b>		
Provision for the period		
– PRC income tax	85,010	41,455
– PRC withholding tax (note (v))	169	37
– Other jurisdictions	2,544	723
Over-provision for the PRC income tax in respect of prior years	(342)	(156)
	<u>87,381</u>	<u>42,059</u>
<b>Deferred tax</b>		
Origination and reversal of accumulated tax loss and temporary differences	(403)	(9,058)
	<u>86,978</u>	<u>33,001</u>

*Notes:*

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Group’s subsidiaries in Hong Kong did not have any other assessable profits for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).
- (iii) Taxable income for the Group’s subsidiaries in the PRC are subject to PRC income tax rate of 25% for the six months ended 30 June 2023 (six months ended 30 June 2022: 25%), unless otherwise specified below.

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

Certain subsidiaries met the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential income tax rate of 5% on taxable income for the first RMB3,000,000.

- (iv) The Company’s subsidiaries incorporated overseas, other than Hong Kong and the BVI, are subject to overseas profits tax at 3% to 27% on estimated assessable profit for the six months ended 30 June 2023 (six months ended 30 June 2022: 3% to 27%).
- (v) According to the Corporate Income Tax Law and its implementation rules, dividends and interest receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The withholding tax rate of 10% was applicable for the Group for the six months ended 30 June 2023 (six months ended 30 June 2022: 10%).

## 6 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of RMB222,212,000 (six months ended 30 June 2022: RMB57,700,000) and the weighted average of 1,454,496,902 shares (six months ended 30 June 2022: 1,453,412,608) in issue during the interim period.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>shares</b>	<b>shares</b>
Issued shares at 1 January	<b>1,454,212,100</b>	1,453,410,000
Effect of shares issued due to exercise of share options	<b>284,802</b>	2,608
	<b>1,454,496,902</b>	<b>1,453,412,608</b>

### (b) Diluted earnings per share

For the six months ended 30 June 2023, the potential ordinary shares of restricted stock units scheme and employee’s share option scheme were anti-dilutive.

## 7 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade debtors	29,418	20,615
Other receivables and deposits	362,496	312,553
Interest receivables	9,345	8,821
Prepayments to vendors	72,955	71,061
Prepayments to an associate	10,158	–
Amounts due from related parties	153,298	92,406
	<u>637,670</u>	<u>505,456</u>

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

### Ageing analysis:

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 month	<u>29,418</u>	<u>20,615</u>

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

## 8 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Cash on hand	34	33
Cash at bank	2,154,205	1,961,643
Less: restricted bank deposits	(93,199)	(10,563)
Less: deposits with banks with original maturity date over three months	(1,133,507)	(852,241)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	<u>927,533</u>	<u>1,098,872</u>

As at the end of the reporting period, the deposits with bank of RMB10,563,000 (31 December 2022: RMB10,563,000) were pledged as securities for a currency forward contract and the deposits with bank of RMB82,636,000 were pledged as securities for bank loans (31 December 2022: Nil).

## 9 TRADE AND OTHER PAYABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade payables	173,800	188,247
Other payables and accrued charges	267,588	231,938
Amounts due to related parties	1,603	36,282
Dividend payable	4,150	3,897
	<u>447,141</u>	<u>460,364</u>

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 year	<u>173,800</u>	<u>188,247</u>

## 10 EQUITY SETTLED SHARE-BASED PAYMENTS

During the six months ended 30 June 2023, the Group has the following share-based payment arrangements:

### (a) Restricted Stock Units Scheme

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

As at 30 June 2023, the number of RSUs granted was 392,750 (31 December 2022: 7,053,710). During the six months ended 30 June 2023, 6,660,960 RSUs was vested (six months ended 30 June 2022: nil).

The Group recognised share-based expenses of RMB491,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB416,000).

### (b) Employees' Share Option Scheme

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

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

	2023		2022	
	Weighted average exercise price <i>HKD</i>	Number of options	Weighted average exercise price <i>HKD</i>	Number of options
Outstanding at 1 January	17.64	9,982,500	19.57	5,327,200
Granted during the period	–	–	–	–
Exercised during the period	18.87	(299,600)	17.98	(472,100)
Forfeited during the period	16.22	(810,600)	20.24	(133,900)
	<u>17.73</u>	<u>8,872,300</u>	<u>19.73</u>	<u>4,721,200</u>
Outstanding at 30 June				
Exercisable at 30 June	19.85	3,938,300	17.98	1,069,000
Non vested at 30 June	16.04	4,934,000	20.24	3,652,200

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

	At 30 June 2023	At 31 December 2022
Weighted-average remaining contractual life of share options	<u>1.8 years</u>	<u>2.3 years</u>

The Group recognised share option expenses of RMB8,995,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB6,176,000).

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

- (i) No interim dividends were proposed to equity shareholders of the Company attributable to the interim period after the end of the reporting period (six months ended 30 June 2022: nil).
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HKD0.01 per ordinary share (six months ended 30 June 2022: HKD0.06 per ordinary share)	<u>12,795</u>	<u>70,968</u>

(b) **Share capital**

(i) **Issued share capital**

	Six months ended 30 June 2023		
	No. of shares	Nominal value of fully paid shares USD	Nominal value of fully paid shares RMB
<b>Ordinary shares, issued and fully paid:</b>			
At 1 January 2023	1,454,212,100	145.42	986
Shares issued due to exercise of Share Option Scheme at USD0.0000001 each (note 11(b)(ii))	299,600	0.03	—*
At 30 June 2023	<u>1,454,511,700</u>	<u>145.45</u>	<u>986</u>

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

\* The amount represents amount less than RMB1.

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

During the six months period ended 30 June 2023, share options were exercised to subscribe for a total of 299,600 (six months ended 30 June 2022: 472,100) 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.

(c) **Reserves**

**Acquisition of non-controlling interests**

During the six months ended 30 June 2023, the Group acquired additional 11.5% equity interests in Guangzhou Uncle Chef Catering Management Co., Ltd.\* (“**Guangzhou Uncle Chef**”) for RMB1 and held 100% equity interests of Guangzhou Uncle Chef in aggregate upon completion of the acquisition. The carrying amount of Guangzhou Uncle Chef’s net liabilities on the date of the acquisition was RMB724,000. The Group recognised an increase in non-controlling interests of RMB724,000 and a decrease in retained earnings of RMB724,000.

\* The official names of these entities are in Chinese. The English translation of the names is for identification only.

12 **COMMITMENTS**

**Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report**

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Contracted for acquisition of property, plant and equipment and right-of-use assets	295,873	401,488
Authorised but not contracted for acquisition of property, plant and equipment and right-of-use assets	2,737	1,072
	<u>298,610</u>	<u>402,560</u>

## **OTHER INFORMATION**

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

During the six months ended June 30, 2023 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

### **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 14 of the Listing Rules.

The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code during the six months ended June 30, 2023, except for the deviation from code provision C.2.1 as explained below.

Mr. Guan is our chairman of the Board and chief executive officer. Since the founding of our Group in 2005, Mr. Guan has been responsible for formulating our overall business development strategies and leading our overall operations, and therefore has been instrumental to our growth and business expansion. Mr. Guan's vision and leadership have played a pivotal role in our Group's success and achievements to date, and therefore our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our 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 our Board requires approval by at least a majority of our 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 our Company and will make decisions for our 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 our Company are made collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## **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 10 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors, all Directors confirmed that they have strictly complied with the Model Code during the six months ended June 30, 2023.

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 six months ended June 30, 2023 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 Mr. Deng Tao (Chairman), Ms. Tang Zhihui and Ms. Zhu Rui (with Mr. Deng Tao possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls.

The members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended June 30, 2023.

The unaudited interim results of the Group for the six months ended June 30, 2023 have been reviewed by the Company’s external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

## **Publication of Interim Results Announcement and Interim Report**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.jiumaojiu.com](http://www.jiumaojiu.com)). The interim report of the Company for the six months ended June 30, 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

## **APPRECIATION**

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

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

Hong Kong, August 22, 2023

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