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Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
呷哺呷哺餐飲管理(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 520)

PROFIT WARNING

This announcement is made by Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Group wishes to inform the shareholders of the Company (the “**Shareholders**”) and prospective investors of the Company that, based on its preliminary assessment of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2024 and information currently available to the Board, the Group is expected to record a revenue of approximately RMB2.4 billion for the six months ended 30 June 2024, representing a decrease of approximately 15.9% as compared to that of the six months ended 30 June 2023. The Group is expected to record a net loss ranging from approximately RMB0.26 billion to RMB0.28 billion for the six months ended 30 June 2024 as compared to a net profit of RMB2.12 million for the six months ended 30 June 2023.

The Group recorded such a net loss for the six months ended 30 June 2024 mainly due to (i) a year-on-year decrease in revenue for brands under the Group as result of the weak consumption and downgrading of consumption in the overall market environment, and fierce competition in the catering market leading to low customer traffic to restaurants; (ii) the provision of relevant impairment losses of approximately RMB200 million in the first half of 2024 for restaurants that are expected to be closed and record continued losses after careful consideration. However, the Group has been actively optimizing its operating model in the first half of 2024 while providing consumers with more high-quality and cost-effective consumption options, including (i) maintaining quality and boosting customer traffic by proactively lowering prices and launching set meals; (ii) strengthening and stabilizing the Group’s negotiating skills by leveraging on centralized procurement to further reduce the average purchase price.

In addition to strictly controlling various expenditures to maintain an appropriate capital position, the Group has introduced a series of operational management initiatives, including (i) the implementation of the brand visual improvement program, with the Xiabuxiabu brand re-planning focusing on the concept of “home” and moving towards a topical, youthful and fashionable brand packaging upgrade direction to increase consumer loyalty; (ii) continuously leveraging on the traffic dividend from online platforms such as TikTok to strengthen brand image and reputation; (iii) rapidly expanding the service coverage of its delivery business, launching new delivery products with high click-through rate to capture the snack and cooked food market, and actively expanding e-commerce collaborations to attract traffic; (iv) persistently promoting the privilege membership business, which has brought benefits to consumers and provided strong momentum for the Group’s performance growth.

As the results for the six months ended 30 June 2024 have not been finalized, the information contained in this announcement is only a preliminary assessment by the Board based on information currently available including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2024, which have not been reviewed by the auditors of the Company, nor reviewed by the audit committee of the Board.

The interim results announcement of the Company for the six months ended 30 June 2024 is expected to be published by the end of August 2024 in full compliance with the requirements under the Listing Rules.

Shareholders and prospective investors are advised to exercise cautions when dealing in the shares of the Company.

By order of the Board
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
HO Kuang-Chi
Chairman

Hong Kong, 2 August 2024

As at the date of this announcement, the Board comprises Mr. HO Kuang-Chi as executive Director; Ms. CHEN Su-Yin and Ms. LI Jie as non-executive Directors; and Mr. HON Ping Cho Terence, Ms. CHEUNG Sze Man and Mr. KOT Man Tat as independent non-executive Directors.