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## Jiumaojiu International Holdings Limited

九毛九国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9922)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 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 audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2023, together with comparative figures for the year ended December 31, 2022.

#### KEY FINANCIAL HIGHLIGHTS

	For the year ended	
	December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue . . . . .	5,985,850	4,005,722
Store level operating profit <sup>(1)</sup> . . . . .	1,076,967	516,578
Profit before taxation . . . . .	636,384	94,331
Profit for the year . . . . .	479,998	55,610
Profit for the year attributable to equity		
shareholders of the Company . . . . .	453,462	49,280
Adjusted net profit <sup>(2)</sup> . . . . .	501,151	69,343
Final dividend proposed after the end of the year		
of HKD0.15 per ordinary share		
(2022: HKD0.01 per ordinary share). . . . .	195,600	12,795

Notes:

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

## KEY OPERATIONAL HIGHLIGHTS

	As of/for the year ended December 31,	
	2023	2022
<b>Number of restaurants<sup>(1)</sup></b> .....	<b>726</b>	556
<b>Seat turnover rate<sup>(2)</sup></b>		
Tai Er .....	<b>3.0</b>	2.6
Song Hot Pot. ....	<b>2.8</b>	2.5
Jiu Mao Jiu .....	<b>1.8</b>	1.6
<b>Table turnover rate<sup>(3)</sup></b>		
Tai Er .....	<b>4.1</b>	3.5
Song Hot Pot. ....	<b>3.8</b>	3.6
Jiu Mao Jiu .....	<b>2.9</b>	2.4
<b>Average spending per customer (RMB)<sup>(4)</sup></b>		
Tai Er .....	<b>75</b>	77
Song Hot Pot. ....	<b>113</b>	128
Jiu Mao Jiu .....	<b>58</b>	55
<b>Same store sales (RMB'000)<sup>(5)</sup></b>		
Tai Er .....	<b>3,042,873</b>	2,571,804
Song Hot Pot. ....	<b>156,897</b>	141,883
Jiu Mao Jiu .....	<b>572,898</b>	533,440
<b>Same store sales growth (%)</b>		
Tai Er .....	<b>18.3</b>	
Song Hot Pot. ....	<b>10.6</b>	
Jiu Mao Jiu .....	<b>7.4</b>	

### Notes:

- (1) As of December 31, 2023, 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 year.
- (3) Calculated by dividing total tables served by the product of total restaurant operation days and average table count during the year.
- (4) Calculated by dividing revenue generated from the restaurant operations for the year by total customer traffic for the year.
- (5) Same store sales for the year refers to the revenue of all restaurants that qualified as same stores during that year. The Group defines its same store base to be those restaurants that opened for at least 300 days in both 2022 and 2023.

## BUSINESS REVIEW AND OUTLOOK

### Overview

In the year of 2023, the Group continued to adhere to its multi-brand and multi-concept strategy and explored new business opportunities, aiming to further expand its market share and maintain its market position as a leading Chinese cuisine restaurant brand manager and operator in the People's Republic of China (“**PRC**”). Following the relaxation of anti-pandemic measures against the novel coronavirus COVID-19 (the “**Pandemic**”) and border reopening in early 2023, the Group adopted an active expansion strategy and opened 180 new restaurants in 2023, comprising 134 Tai Er restaurants, 35 Song Hot Pot restaurants, four Jiu Mao Jiu restaurants, six Lai Mei Li Grilled Fish restaurants and one Fresh Wood Beef Hot Pot (賞鮮悅木牛肉火鍋) (“**Fresh Wood**”) restaurant. As of December 31, 2023, the Group self-operated 726 restaurants, covering 142 cities in the PRC, Singapore, one city in Canada, one city in Malaysia, one city in Thailand and two cities in the United States.

The Group strives to optimize its portfolio of restaurant brands and focus on brands with greater growth potential. In 2023, the Group accelerated the restaurant network expansion of Tai Er brand and Song Hot Pot brand, while optimized the operation of Lai Mei Li Grilled Fish brand by restaurant renovation and menu upgrades. Meanwhile, in July 2023, the Group introduced its Fresh Wood brand, positioned as a high-end brand, to offer customers beef hot pot dishes using natural and premium food ingredients.

In view of the diminishing impact of the Pandemic, total revenue of the Group increased by 49.4% from RMB4,005.7 million for the year ended December 31, 2022 to RMB5,985.9 million for the year ended December 31, 2023, and its net profit for the year increased significantly by 763.3% from RMB55.6 million for the year ended December 31, 2022 to RMB480.0 million for the year ended December 31, 2023.

The Board is committed to increasing returns for the shareholders of the Company (the “**Shareholders**”). For the year ended December 31, 2023, apart from utilizing approximately HKD150.0 million for share repurchases on market, the Board also proposes to distribute a final dividend of HKD0.15 per ordinary share (totalling approximately HKD215.5 million), which represents a payout ratio of approximately 43.1% of profit for the year attributable to equity shareholders. Going forward, after a thorough reevaluation of the Group's financial performance, financial position, and strategic development plans for the future, the Board intends to maintain a dividend payout ratio of no less than 40% of profit for the year attributable to equity shareholders.

## 2023 Business and Financial Performance Review

### *Restaurant network*

In 2023, the Group opened 180 new restaurants, comprising 134 Tai Er restaurants, 35 Song Hot Pot restaurants, four Jiu Mao Jiu restaurants, six Lai Mei Li Grilled Fish restaurants and one Fresh Wood restaurant. Among restaurants of the Group, ten restaurants were closed in 2023 primarily due to (i) the termination of the relevant lease agreements upon expiry, and (ii) unsatisfactory performance of some restaurants.

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

	As of December 31,	
	2023	2022
<b>Number of restaurants</b>		
Tai Er . . . . .	<b>578</b>	450
– Mainland China . . . . .	<b>560</b>	444
– Others . . . . .	<b>18</b>	6
Song Hot Pot . . . . .	<b>62</b>	27
Jiu Mao Jiu . . . . .	<b>77</b>	76
Uncle Chef . . . . .	<b>1</b>	1
Lai Mei Li Grilled Fish . . . . .	<b>7</b>	2
Fresh Wood . . . . .	<b>1</b>	–
<b>Total . . . . .</b>	<b><u>726</u></b>	<b><u>556</u></b>

## ***Restaurant performance***

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

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
<b>Revenue (RMB'000)</b>		
Tai Er . . . . .	<b>4,469,217</b>	3,098,041
Song Hot Pot. . . . .	<b>805,206</b>	259,402
Jiu Mao Jiu . . . . .	<b>628,372</b>	604,752
Uncle Chef . . . . .	<b>10,765</b>	12,339
Lai Mei Li Grilled Fish. . . . .	<b>47,647</b>	12,799
Fresh Wood. . . . .	<b>7,170</b>	–
<b>Seat turnover rate<sup>(1)</sup></b>		
Tai Er . . . . .	<b>3.0</b>	2.6
– Mainland China . . . . .	<b>3.0</b>	2.6
– Others . . . . .	<b>3.9</b>	2.3
Song Hot Pot. . . . .	<b>2.8</b>	2.5
Jiu Mao Jiu . . . . .	<b>1.8</b>	1.6
Uncle Chef . . . . .	<b>1.3</b>	2.0
Lai Mei Li Grilled Fish. . . . .	<b>3.3</b>	2.7
Fresh Wood. . . . .	<b>1.3</b>	–
<b>Table turnover rate<sup>(2)</sup></b>		
Tai Er . . . . .	<b>4.1</b>	3.5
– Mainland China . . . . .	<b>4.1</b>	3.5
– Others . . . . .	<b>5.5</b>	3.2
Song Hot Pot. . . . .	<b>3.8</b>	3.6
Jiu Mao Jiu . . . . .	<b>2.9</b>	2.4
Uncle Chef . . . . .	<b>1.7</b>	2.5
Lai Mei Li Grilled Fish. . . . .	<b>4.1</b>	3.7
Fresh Wood. . . . .	<b>1.6</b>	–
<b>Average spending per customer<sup>(3)</sup> (RMB)</b>		
Tai Er . . . . .	<b>75</b>	77
– Mainland China . . . . .	<b>72</b>	75
– Others . . . . .	<b>172</b>	172
Song Hot Pot. . . . .	<b>113</b>	128
Jiu Mao Jiu . . . . .	<b>58</b>	55
Uncle Chef . . . . .	<b>151</b>	148
Lai Mei Li Grilled Fish. . . . .	<b>80</b>	77
Fresh Wood. . . . .	<b>587</b>	–

Notes:

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

Restaurant performance of most of the Group's brands improved in 2023. In particular, revenue contribution from Tai Er, Song Hot Pot and Lai Mei Li Grilled Fish increased by 44.3%, 210.4% and 272.3%, respectively. Moreover, the table turnover rates of Tai Er, Song Hot Pot, Jiu Mao Jiu 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 of Tai Er in mainland China and Song Hot Pot was a result of the Group's adjustment to menu offerings and food prices, taking into account both internal and external factors such as the market condition and competitive landscape in the industry.

**Same store sales**

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

	<b>For the year ended December 31,</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>313</b>		225	
Song Hot Pot. . . . .	<b>6</b>		2	
Jiu Mao Jiu . . . . .	<b>68</b>		70	
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>3,042,873</b>	<b>2,571,804</b>	1,969,093	2,535,637
Song Hot Pot. . . . .	<b>156,897</b>	<b>141,883</b>	40,528	38,102
Jiu Mao Jiu . . . . .	<b>572,898</b>	<b>533,440</b>	528,133	593,494
Uncle Chef . . . . .	<b>10,765</b>	<b>12,339</b>	12,339	12,402
Lai Mei Li Grilled Fish <sup>(2)</sup> . . . . .	<b>18,213</b>	<b>12,799</b>	–	–
<b>Same store sales growth (%)</b>				
Tai Er . . . . .	<b>18.3</b>		(22.3)	
Song Hot Pot. . . . .	<b>10.6</b>		6.4	
Jiu Mao Jiu . . . . .	<b>7.4</b>		(11.0)	
Uncle Chef . . . . .	<b>(12.8)</b>		(0.5)	
Lai Mei Li Grilled Fish <sup>(2)</sup> . . . . .	<b>42.3</b>		–	

*Notes:*

- (1) The Group defines its same store base to be those restaurants that opened for at least 300 days in both 2021 and 2022, and in both 2022 and 2023.
- (2) The details of same store sales for Lai Mei Li Grilled Fish for 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 year refer to the revenue of all restaurants that qualified as same stores during that year.

## **Outlook**

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

- ***Replicate the Group's success through further expansion.*** The Group has been closely monitoring the post-Pandemic environment in the PRC and adjusting the timeline of its restaurant network expansion plan for different brands as and when appropriate. In 2024, the Group will focus on the development of its existing brands. In particular, the Group plans to further promote the brand image and recognition of Tai Er and Song Hot Pot by continued expansion of their restaurant network as both brands have displayed greater growth potential compared with the Group's other brands. In 2024, the Group targets to open 80 to 100 new Tai Er restaurants and 35 to 40 new Song Hot Pot restaurants in mainland China, and 15 to 20 new Tai Er restaurants outside mainland China. The Group will also continue to refine the business model of Lai Mei Li Grilled Fish brand until it is ready for restaurant network expansion.
- ***Continue to expand into more market segments by pursuing a multi-brand and multi-concept strategy.*** The Group continues to closely track the dining trend and preference of customers and adjust the brand portfolio to focus on brands which it believes to have greater growth potential. For example, the Group introduced Song Hot Pot in 2020 and Lai Mei Li Grilled Fish in 2021, and disposed the Double Eggs brand in 2022 in order to maintain an optimal portfolio of restaurant brands. The Group has upgraded its Lai Mei Li Grilled Fish restaurants to serve grilled fish dishes in sour soup. In addition, in February 2024, the Group launched another new brand, namely Shandeshanwaimian Suantang Hot Pot (山的山外面酸湯火鍋) ("**Shanwaimian**"), offering Guizhou style sour soup hot pots. The Group will also invest in companies in the catering service industry. The Group intends to identify targets which adopt innovative business models and possess development and growth potential, or whose business models can create synergies with the Group's business and fit into the multi-brand development strategy of the Group. The Group continues to look for potential targets. The Group believes its multi-brand and multi-concept strategy allows it to further expand into more market segments, capture market opportunities, broaden its customer base and ultimately increase its market share. The collaboration with various young and innovative brands would enable the Group to stay attuned to market trends. The Group will keep exploring potential opportunities and may further adjust and/or expand its brand portfolio to maintain its competitive advantage.

- ***Continue to strengthen the Group's supply and support capabilities.*** The Group has commenced the construction of its supply chain centers in Southern China, a production plant of hot pot base and compound condiments and a central kitchen in Southwest China, to enhance its supply chain capabilities in support of its future expansion plan. As announced on September 29, 2023, the Group further acquired a parcel of land use rights for the construction of a central kitchen in Songjiang District of Shanghai to better support the restaurant network expansion in Eastern China. In addition, the Group will continue its cooperation with suppliers of key ingredients by way of joint ventures or other means to secure stable supply of key ingredients as well as to better mitigate risks concerning food safety.
- ***Expand into the global markets to gain international presence.*** The Group currently operates Tai Er restaurants in Canada, Malaysia, Singapore, Thailand and the United States as well as one Lai Mei Li Grilled Fish restaurant in Singapore. The Group will continue to carry out comprehensive research into potential overseas target markets and carefully evaluate and select appropriate locations for its expansion to gain international presence. The Group will prioritize countries and cities with high population of Chinese people, such as North America, Southeast Asia, Oceania, and other overseas Chinese communities, for its future expansion.
- ***Introduce franchise and cooperative model for regional and international expansion.*** Following its expansion in the year of 2023, the Group has determined to further expand its restaurant network through diversified business models, i.e. the franchise and cooperative models for, Tai Er and Shanwaimian, as announced on February 3, 2024. This strategic move is designed to fast-track the regional and international expansion of Tai Er, with franchising opportunities springing forth across Xinjiang, Xizang and Taiwan region of China, transportation hubs within mainland China, and extending to the shores of Australia and New Zealand. Simultaneously, Shanwaimian will embark on a cooperative model within designated Chinese shopping malls, setting the stage for a full franchise rollout from February 3, 2025.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

The Group's revenue increased by 49.4% from RMB4,005.7 million for the year ended December 31, 2022 to RMB5,985.9 million for the year ended December 31, 2023.

### Revenue by brand

The Group generates 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 the Group's revenue by brand for the years indicated:

	For the year ended December 31,			
	2023		2022	
	RMB'000	%	RMB'000	%
Tai Er . . . . .	4,476,906	74.8	3,108,328	77.6
Song Hot Pot <sup>Note</sup> . . . . .	806,512	13.5	259,814	6.5
Jiu Mao Jiu . . . . .	629,550	10.5	605,511	15.1
Others <sup>Note</sup> . . . . .	72,882	1.2	32,069	0.8
<b>Total</b> . . . . .	<b>5,985,850</b>	<b>100.0</b>	<b>4,005,722</b>	<b>100.0</b>

*Note:* Revenue from Song Hot Pot was included in revenue from other brands in prior years. Revenue from other brands for the year ended December 31, 2022 is updated to conform to current presentation.

Revenue from Tai Er increased by 44.0% from RMB3,108.3 million for the year ended December 31, 2022 to RMB4,476.9 million for the year ended December 31, 2023, primarily due to (i) the restaurant network expansion of Tai Er from 450 restaurants as of December 31, 2022 to 578 restaurants as of December 31, 2023, (ii) the increase in the number of operating days in 2023 compared with that in 2022 amid the recovery of its business operation from the Pandemic and (iii) the increase in table turnover rate of Tai Er restaurants from 3.5 in 2022 to 4.1 in 2023. Revenue from Tai Er as a percentage of total revenue decreased from 77.6% in 2022 to 74.8% in 2023 primarily due to the expansion of other brands of the Group.

Revenue from Song Hot Pot increased significantly by 210.4% from RMB259.8 million for the year ended December 31, 2022 to RMB806.5 million for the year ended December 31, 2023, primarily due to (i) the restaurant network expansion of Song Hot Pot from 27 restaurants as of December 31, 2022 to 62 restaurants as of December 31, 2023 and (ii) the increase in table turnover rate of Song Hot Pot restaurants from 3.6 in 2022 to 3.8 in 2023. As a result, revenue from Song Hot Pot as a percentage of total revenue increased from 6.5% in 2022 to 13.5% in 2023.

Revenue from Jiu Mao Jiu remained relatively stable at RMB605.5 million and RMB629.6 million for the years ended December 31, 2022 and 2023, respectively. Revenue from Jiu Mao Jiu as a percentage of total revenue decreased from 15.1% in 2022 to 10.5% in 2023, primarily due to the continuous expansion of other brands' restaurant network, especially Tai Er and Song Hot Pot.

Revenue from other brands increased by 127.1% from RMB32.1 million for the year ended December 31, 2022 to RMB72.9 million for the year ended December 31, 2023, primarily attributable to revenue contribution from Lai Mei Li Grilled Fish brand due to its restaurant network expansion. As a result, revenue from other brands as a percentage of total revenue increased from 0.8% in 2022 to 1.2% in 2023.

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

Services provided by the Group or activities it engages in currently comprise (i) restaurant operations, (ii) delivery business and (iii) others, mainly including sales of goods and sales of specialties. The following table sets forth a breakdown of the Group's revenue from each service line for the years indicated:

	<b>For the year ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>	<b>%</b>
Restaurant operations . . . . .	<b>5,066,466</b>	<b>84.6</b>	3,203,210	80.0
Delivery business . . . . .	<b>901,219</b>	<b>15.1</b>	787,114	19.7
Others <sup>(1)(2)</sup> . . . . .	<b>18,165</b>	<b>0.3</b>	15,398	0.3
<b>Total</b> . . . . .	<b><u>5,985,850</u></b>	<b><u>100.0</u></b>	<b><u>4,005,722</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., or 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 Company for the year ended December 31, 2022.

(2) Revenue from others mainly includes sales of goods and sales of specialties. Revenue from others for the year ended December 31, 2022 is updated to conform to current presentation.

Revenue from restaurant operations increased by 58.2% from RMB3,203.2 million for the year ended December 31, 2022 to RMB5,066.5 million for the year ended December 31, 2023, primarily due to (i) the Group's restaurant network expansion from 556 restaurants as of December 31, 2022 to 726 restaurants as of December 31, 2023 and (ii) the growth in same store sales as the number of days of operation and table turnover rates of the Group's restaurants increased in 2023 amid the recovery of business operation of the Group from the Pandemic. As a result, revenue from restaurant operations as a percentage of total revenue increased from 80.0% for the year ended December 31, 2022 to 84.6% for the year ended December 31, 2023.

Revenue from delivery business increased by 14.5% from RMB787.1 million for the year ended December 31, 2022 to RMB901.2 million for the year ended December 31, 2023, primarily due to an increase in the number of restaurants that offered delivery services along with the Group's restaurant network expansion. Revenue from delivery business as a percentage of total revenue decreased from 19.7% for the year ended December 31, 2022 to 15.1% for the year ended December 31, 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 increased by 18.2% from RMB15.4 million for the year ended December 31, 2022 to RMB18.2 million for the year ended December 31, 2023, primarily due to the increase in revenue generated from sales of goods. Revenue from others as a percentage of total revenue remained stable at 0.3% and 0.3% for the years ended December 31, 2022 and 2023, respectively.

### **Other Revenue**

The Group's other revenue increased by 77.7% from RMB71.3 million for the year ended December 31, 2022 to RMB126.7 million for the year ended December 31, 2023, primarily due to (i) an increase in interest income on bank deposits attributable to the increased interest rates and (ii) an increase in income from value-added tax super deduction and exemption granted by government authorities in the PRC.

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

The Group's raw materials and consumables used increased by 48.0% from RMB1,447.1 million for the year ended December 31, 2022 to RMB2,142.2 million for the year ended December 31, 2023 as a result of its revenue growth. Raw materials and consumables used as a percentage of revenue remained relatively stable at 36.1% and 35.8% for the years ended December 31, 2022 and 2023, respectively.

### **Staff Costs**

The Group's staff costs increased by 36.2% from RMB1,133.9 million for the year ended December 31, 2022 to RMB1,544.1 million for the year ended December 31, 2023, primarily due to an increase in the number of store level employees of the Group arising from its restaurant network expansion. Staff costs as a percentage of revenue decreased from 28.3% for the year ended December 31, 2022 to 25.8% for the year ended December 31, 2023, primarily due to the improvement in the Group's operational efficiency.

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

Depreciation of right-of-use assets increased by 20.4% from RMB403.0 million for the year ended December 31, 2022 to RMB485.3 million for the year ended December 31, 2023, primarily due to an increase in the number of restaurants of the Group. Depreciation of right-of-use assets as a percentage of revenue decreased from 10.1% for the year ended December 31, 2022 to 8.1% for the year ended December 31, 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**

The Group's other rentals and related expenses increased by 66.8% from RMB83.2 million for the year ended December 31, 2022 to RMB138.8 million for the year ended December 31, 2023, primarily due to an increase in variable rent payments as a result of the Group's revenue growth. Other rentals and related expenses as a percentage of revenue remained relatively stable at 2.1% and 2.3% for the years ended December 31, 2022 and 2023, respectively.

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

Depreciation and amortization of other assets increased by 23.8% from RMB190.3 million for the year ended December 31, 2022 to RMB235.6 million for the year ended December 31, 2023, primarily due to an increase in restaurant decoration expenditures and purchases of kitchen and other equipment along with the restaurant network expansion of the Group. Depreciation and amortization of other assets as a percentage of revenue slightly decreased from 4.7% for the year ended December 31, 2022 to 3.9% for the year ended December 31, 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**

The Group's utility expenses increased by 47.3% from RMB148.7 million for the year ended December 31, 2022 to RMB219.0 million for the year ended December 31, 2023, primarily due to the expansion of restaurant network of the Group. Utility expenses as a percentage of revenue remained stable at 3.7% and 3.7% for the years ended December 31, 2022 and 2023, respectively.

## **Travelling and Related Expenses**

The Group's travelling and related expenses increased by 52.2% from RMB25.5 million for the year ended December 31, 2022 to RMB38.8 million for the year ended December 31, 2023, primarily because the Group's staff traveled more frequently for daily operations as a result of the expansion of restaurant network of the Group. Travelling and related expenses as a percentage of revenue remained stable at 0.6% and 0.6% for the years ended December 31, 2022 and 2023, respectively.

## **Advertising and Promotion Expenses**

The Group's advertising and promotion expenses increased by 52.3% from RMB55.5 million for the year ended December 31, 2022 to RMB84.5 million for the year ended December 31, 2023, primarily due to an increase in advertisement placement. Advertising and promotion expenses as a percentage of revenue remained stable at 1.4% and 1.4% for the years ended December 31, 2022 and 2023, respectively.

## **Other Expenses**

The Group's other expenses increased by 38.8% from RMB316.1 million for the year ended December 31, 2022 to RMB438.6 million for the year ended December 31, 2023, primarily due to (i) an increase in expenses for opening new restaurants of RMB31.7 million, (ii) an increase in transportation and related expenses of RMB31.0 million, (iii) an increase in professional service fees of RMB16.3 million, and (iv) an increase in maintenance expenses of RMB14.6 million.

## **Other Net Losses**

The Group's other net losses decreased by 63.2% from RMB87.8 million for the year ended December 31, 2022 to RMB32.3 million for the year ended December 31, 2023, primarily due to a decrease in net foreign exchange losses of RMB56.0 million.

## **Finance Costs**

The Group's finance costs increased by 14.5% from RMB81.1 million for the year ended December 31, 2022 to RMB92.9 million for the year ended December 31, 2023, primarily due to an increase in interest on lease liabilities recognized in accordance with IFRS 16 associated with the Group's increased number of leases as a result of the expansion of its restaurant network.

## **Impairment Losses of Property, Plant and Equipment and Right-of-use Assets**

Impairment losses of property, plant and equipment and right-of-use assets increased by 202.8% from RMB7.2 million for the year ended December 31, 2022 to RMB21.8 million for the year ended December 31, 2023, primarily because the Group had prudently made provisions for impairment of assets considering the unsatisfactory performance of some restaurants.

## **Income Tax**

The Group's income tax increased significantly by 304.1% from RMB38.7 million for the year ended December 31, 2022 to RMB156.4 million for the year ended December 31, 2023, primarily due to an increase in taxable income.

## **Profit for the Year**

As a result of the foregoing, profit for the year significantly increased by 763.3% from RMB55.6 million for the year ended December 31, 2022 to RMB480.0 million for the year ended December 31, 2023.

## **Other Comprehensive Income for the Year**

The Group holds equity investments in several entities in the PRC. The entities are mainly engaged in the catering industry. The Group recorded loss resulting from equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling) of RMB8.9 million for the year ended December 31, 2023 primarily due to the relatively low valuation of its investments as a result of challenging macroeconomic environment in 2023, as compared with RMB126.4 million for the year ended December 31, 2022 as a result of the adverse impact of the Pandemic in 2022.

The Group recorded exchange differences on translation of financial statements of operations outside the mainland China of RMB33.3 million for the year ended December 31, 2023 as other comprehensive income, as compared with RMB213.3 million for the year ended December 31, 2022, primarily due to the exchange rate fluctuation.

## Non-IFRS Measures

The Group adopts 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 its consolidated financial statements.

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

The Group believes that store level operating profit helps Shareholders and investors better understand its multi-brand and multi-concept strategy by directly illustrating the profitability of its different brands at store level, and that it is frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry.

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

	<b>For the year ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Store Level Operating Profit</b>	<b>Store Level Operating Profit Margin</b>	<b>Store Level Operating Profit</b>	<b>Store Level Operating Profit Margin</b>
	<b><i>RMB'000</i></b>	<b><i>(%)</i></b>	<b><i>RMB'000</i></b>	<b><i>(%)</i></b>
Tai Er . . . . .	<b>865,833</b>	<b>19.3</b>	444,893	14.3
Song Hot Pot <sup>Note</sup> . . . . .	<b>98,749</b>	<b>12.2</b>	(5,064)	(1.9)
Jiu Mao Jiu . . . . .	<b>110,758</b>	<b>17.6</b>	78,031	12.9
Other Brands <sup>Note</sup> . . . . .	<b>1,627</b>	<b>2.2</b>	(1,282)	(4.0)
<b>Total.</b> . . . . .	<b><u>1,076,967</u></b>	<b><u>18.0</u></b>	<b><u>516,578</u></b>	<b><u>12.9</u></b>

*Note:* Store level operating profit and store level operating profit margin of Song Hot Pot were included in other brands in prior years. Store level operating profit and store level operating profit margin of other brands for the year ended December 31, 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 the management does not consider indicative of the Group's 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 the Group's business operations. The Group believes that the adjusted net profit is frequently used by other interested parties when evaluating the performance of a company.

The Group defines adjusted net profit as profit for the year adding equity-settled share-based payment expenses, which are non-recurring charges. The following table illustrates a reconciliation from profit for the year to adjusted net profit for the years indicated:

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the year . . . . .	<b>479,998</b>	55,610
Add:		
Equity-settled share-based payment expenses . . . . .	<b>21,153</b>	13,733
<b>Adjusted net profit</b> . . . . .	<b>501,151</b>	69,343
Revenue . . . . .	<b>5,985,850</b>	4,005,722
<b>Adjusted net profit margin (%)</b> . . . . .	<b>8.4</b>	<b>1.7</b>

### **Inventories**

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

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Food ingredients . . . . .	<b>83,877</b>	73,056
Condiment product . . . . .	<b>29,331</b>	23,547
Beverage . . . . .	<b>4,445</b>	4,240
Other materials . . . . .	<b>14,421</b>	17,256
<b>Total.</b> . . . . .	<b>132,074</b>	<b>118,099</b>



The Group's inventories increased by 11.9% from RMB118.1 million as of December 31, 2022 to RMB132.1 million as of December 31, 2023, primarily due to the expansion of restaurant network of the Group.

The Group's inventory turnover days in 2022 and 2023, being the average of the beginning and ending inventories for that year divided by raw materials and consumables used for the same year and multiplied by 365 days, was 23.8 days and 21.3 days, respectively. The decrease in its inventory turnover days was primarily due to the faster consumption of food ingredients as a result of the recovery of restaurant operations of the Group from the Pandemic.

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

The Group's right-of-use assets, which represented the leases for its restaurant premises, headquarters offices, central kitchens and certain kitchen equipment, increased by 27.8% from RMB1,571.0 million as of December 31, 2022 to RMB2,007.9 million as of December 31, 2023, primarily due to the increase in the number of Tai Er restaurants and Song Hot Pot restaurants.

### **Trade Debtors**

Trade debtors of the Group primarily consisted of (i) bills settled through third party payment platforms such as Alipay or WeChat Pay, which were normally settled within a short period of time, (ii) bills for its delivery business settled through third party delivery service platforms, which were settled within three calendar days, and, to a lesser extent, (iii) bills received by shopping malls on behalf of the Group for certain restaurants, which were normally settled within one month. Trade debtors of the Group increased by 82.5% from RMB20.6 million as of December 31, 2022 to RMB37.6 million as of December 31, 2023, primarily due to the expansion of restaurant network of the Group. The Group's trade debtors turnover days, being the average of the beginning and ending balances of trade debtors for that year divided by revenue for the same year and multiplied by 365 days, remained relatively stable at 1.5 days and 1.8 days in 2022 and 2023, respectively.

### **Trade Payables**

Trade payables of the Group primarily consisted of payables to suppliers. Trade payables of the Group increased by 11.2% from RMB188.2 million as of December 31, 2022 to RMB209.3 million as of December 31, 2023, primarily due to the expansion of restaurant network of the Group. The Group's trade payables turnover days, being the average of the beginning and ending balances of trade payables for that year divided by raw materials and consumables used for the same year and multiplied by 365 days, decreased from 41.5 days in 2022 to 33.9 days in 2023, primarily due to the timely settlement of the Group's purchases.

### **Loans and Advances to Associates**

As of December 31, 2023, the Group's loans and advances to associates amounted to RMB142.6 million (as of December 31, 2022: RMB139.1 million). Such loans and advances were mainly provided to associates that supplied food ingredients to the Group to secure stable supply of key food ingredients.



## **Equity Securities Designated at Fair Value Through Other Comprehensive Income (Non-recycling)**

The Group holds unlisted and listed equity investments in several entities. The Group designated its investments in unlisted and listed equity securities at fair value through other comprehensive income. As of December 31, 2023, the fair values of the Group's unlisted and listed equity investments were RMB48.5 million and RMB6.7 million, respectively (as of December 31, 2022: RMB54.0 million and RMB11.4 million, respectively). The fair value loss of the Group's equity investments for the year ended December 31, 2023 was primarily because the valuations of equity investments held by the Group, which were mainly companies in the catering industry, remained at a relatively low level in 2023 due to challenging macroeconomic environment.

## **Capital Structure**

The Group's total assets increased from RMB5,407.1 million as of December 31, 2022 to RMB6,520.9 million as of December 31, 2023. The Group's total liabilities increased from RMB2,207.9 million as of December 31, 2022 to RMB3,163.9 million as of December 31, 2023. Liabilities-to-assets ratio increased from 40.8% as of December 31, 2022 to 48.5% as of December 31, 2023.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 2.71 as of December 31, 2022 to 2.00 as of December 31, 2023.

## **Liquidity, Capital Resources and Gearing**

The Group adopts a prudent funding and treasury policy with a view to optimize its financial position. The Group regularly monitors its funding requirements to support its business operations and perform ongoing liquidity review. For the year ended December 31, 2023, the Group financed its operations primarily through cash generated from operations, proceeds from the global offering (the "**Global Offering**") of the Company's shares (the "**Shares**") in connection with the listing (the "**Listing**") of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on January 15, 2020 and proceeds from the Subscription (as defined in the announcement of the Company dated July 16, 2020 in relation to the subscription for new Shares under the general mandate). The Group mainly used Renminbi and Hong Kong dollars to make borrowings and loans and to hold cash and cash equivalents. The Group mainly utilized its cash on procurement of food ingredients, consumables and equipment, supply chain construction and restaurant renovations. The Group's cash and cash equivalents increased by 20.7% from RMB1,098.9 million as of December 31, 2022 to RMB1,326.9 million as of December 31, 2023, primarily attributable to cash inflows from its restaurant operations.

The Group's gearing ratio, being interest-bearing bank loans divided by total equity as of the respective dates and multiplied by 100%, increased from 0.9% as of December 31, 2022 to 7.3% as of December 31, 2023, primarily due to the increase in the balance of bank loans.

## Capital Expenditures

The Group's capital expenditures, which refer to the payment for purchases of property, plant and equipment and right-of-use assets are incurred primarily for opening new restaurants, procuring property, plant and equipment for new restaurants, renovating existing restaurants and purchasing furniture and equipment used in the Group's restaurant operations and construction of supply chain. The Group's total capital expenditures increased by 55.7% from RMB370.1 million for the year ended December 31, 2022 to RMB576.2 million for the year ended December 31, 2023.

## Indebtedness

### *Bank Loans*

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

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year or on demand		
– unsecured and unguaranteed	50,000	30,000
– secured	40,000	–
	90,000	30,000
After one year but within two years		
– secured	154,162	–
	244,162	30,000

As of December 31, 2023, bank loans of RMB184.2 million were with floating-interest rates (as of December 31, 2022: nil), and bank loans of RMB60.0 million were with fixed-interest rate (as of December 31, 2022: RMB30.0 million).

### ***Lease Liabilities***

The Group's lease liabilities increased by 26.3% from RMB1,650.4 million as of December 31, 2022 to RMB2,084.5 million as of December 31, 2023, primarily due to the restaurant network expansion of Tai Er and Song Hot Pot.

### **Contingent Liabilities**

As of December 31, 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.

### **Pledge of Assets**

As of December 31, 2023, bank deposits of RMB10.7 million were pledged as securities for a currency forward contract (as of December 31, 2022: RMB10.6 million) and bank deposits of RMB220.8 million were pledged as securities for bank loans (as of December 31, 2022: nil).

Save as disclosed above, as of December 31, 2023, the Group did not have any pledge on its assets.

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

Except for the recommendation of a final dividend of HKD0.15 per ordinary share for the year ended December 31, 2023, as of the date of this announcement, there is no material event subsequent to December 31, 2023 which could have a material impact on the Group's operating and financial performance.

### **Foreign Exchange Risk and Hedging**

The Group mainly operates in the PRC with most of the transaction denominated and settled in Renminbi. However, the Group has cash and deposits denominated in other currencies which are exposed to foreign currency exchange risks. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and take additional measures when necessary to make sure the foreign exchange risks are manageable.

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

During the year ended December 31, 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.

## **Final Dividend**

The Board recommends the payment of a final dividend of HKD0.15 per ordinary share for the year ended December 31, 2023 (the “**Proposed Final Dividend**”) (for the year ended December 31, 2022: a final dividend of HKD0.01 per ordinary share). The Proposed Final Dividend are declared and will be paid in Hong Kong dollar. Subject to the approval of Shareholders at the annual general meeting to be held on Thursday, June 6, 2024 (the “**AGM**”), the Proposed Final Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Tuesday, June 18, 2024. The Proposed Final Dividend is expected to be distributed to the Shareholders before Friday, July 5, 2024.

## **Annual General Meeting**

The AGM will be held on Thursday, June 6, 2024. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

## **Closure of Register of Members**

### ***(a) Entitlement to Attend and Vote at the AGM***

In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the Company’s register of members will be closed from Monday, June 3, 2024 to Thursday, June 6, 2024, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong for registration not later than 4:30 p.m. on Friday, May 31, 2024.

### ***(b) Entitlement to the Proposed Final Dividend***

In order to determine the entitlement of the Shareholders to receive the Proposed Final Dividend, the Company’s register of members will be closed from Friday, June 14, 2024 to Tuesday, June 18, 2024, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong for registration not later than 4:30 p.m. on Thursday, June 13, 2024.

## **Company Information**

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

## Employees

As of December 31, 2023, the Group had 22,467 employees and 10,650 outsourced personnel. For the year ended December 31, 2023, staff costs (including Directors' emoluments) of the Group amounted to RMB1,544.1 million (for the year ended December 31, 2022: RMB1,133.9 million).

The Group's success depends on its ability to attract, retain and motivate qualified personnel. The remuneration package for employees of the Group generally includes salary and bonuses. The Group determines employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. The Group makes contributions to mandatory social security funds for employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

## Use of Proceeds

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

The Company was listed on the Stock Exchange on January 15, 2020. The net proceeds from the Global Offering amounted to approximately HKD2,372.9 million. 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 March 10, 2024 (%)	Percentage of unused balance as of March 10, 2024 (%)	Timeframe for the unused balance
Expand the Group's restaurant network . . . . .	77.4	1,837.9 <sup>(2)</sup>	100.0	-	-
<b>Further strengthen the supply and support capabilities for restaurants and enhance centralized procurement system . . . . .</b>	<b>5.6</b>	<b>133.7</b>	<b>100.0</b>	<b>-</b>	<b>-</b>
Construct and establish a supply chain center in Southern China by 2023 . . . . .	3.2	76.4	100.0	-	-
Renovate existing central kitchens and upgrading equipment and facilities . . . . .	2.4	57.3	100.0	-	-
Repay part of the Group's bank loans . . . . .	8.9	210.2	100.0	-	-
Working capital and general corporate purposes . . . . .	8.1	191.1	100.0	-	-
<b>Total . . . . .</b>	<b>100.0</b>	<b>2,372.9</b>	<b>100.0</b>	<b>-</b>	<b>-</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.

***Use of Proceeds from the Subscription***

The following table sets forth the status of the use of net proceeds from the Subscription which is consistent with the intentions previously disclosed:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Subscription (In HKD millions)	Percentage of used amount as of March 10, 2024 (%)	Percentage of unused balance as of March 10, 2024 (%)	Timeframe for the unused balance
Invest in suppliers for key raw material . . . . .	55.0	456.5	57.3	42.7	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>71.9</b>	<b>28.1</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, which had been fully vested by December 31, 2023.

Further details of the RSU Scheme are set out in Appendix IV to the Prospectus and in the 2023 annual report of the Company.

Details of the RSUs granted under the RSU Scheme and the movements in RSUs during the year ended December 31, 2023 are set out below:

Name of grantee of RSU	Position held with the Group	Number of Shares represented by RSUs at January 1, 2023	Date of grant	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Unvested as at December 31, 2023	Weighted average closing price immediately before the vesting date during the year (HKD per Share)	Number of Shares represented by RSUs at December 31, 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	-	(5,914,735)	-	-	-	13.90 10.94	-	Jun 8, 2023 Oct 12, 2023
<b>Total . . . . .</b>		<b><u>7,053,710</u></b>		<b><u>-</u></b>	<b><u>(7,053,710)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>		<b><u>-</u></b>	



## SHARE OPTION SCHEME

A share option scheme was conditionally approved and adopted by the Shareholders on December 6, 2019 (the “**Share Option Scheme**”) and its implementation is conditional on the Listing. The purpose of the Share Option Scheme is to provide the Company with a means of incentivizing the any director or employee of the Group who has contributed or will contribute to the Group and retaining employees, and to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company’s corporate culture.

The Share Option Scheme remains valid for a period of ten years commencing on December 6, 2019. As at December 31, 2023, the remaining life of the Share Option Scheme is approximately five years and eleven months.

The table below sets out the details of share options granted and outstanding during the period from January 1, 2023 to December 31, 2023 under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2023	Granted during the year	Date of grant	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2023	Exercise price (HKD per Share)	Closing price immediately before the date of grant during the year (HKD per Share)	Weighted average closing price immediately before the date of exercise of options during the year (HKD per Share)	Fair value of Shares at the date of grant during the year (HKD)	Vesting period	Exercise period
<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
	-	476,000	Nov 3, 2023	-	-	-	476,000	8.35	7.95	-	1,727,134	Nov 3, 2023 – Nov 2, 2024	Nov 3, 2024 – Nov 2, 2026

Name of grantee	Outstanding as at January 1, 2023	Granted during the year	Date of grant	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2023	Exercise price (HKD per Share)	Closing price immediately before the date of grant during the year (HKD per Share)	Weighted average closing price immediately before the date of exercise during the year (HKD per Share)	Fair value of Shares at the date of grant during the year (HKD)	Vesting period	Exercise period
He Chengxiao . .	389,800	-	Oct 29, 2021	-	-	-	389,800	20.24	-	-	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022 – Oct 28, 2024
	538,000	-	Nov 14, 2022	-	-	-	538,000	16.04	-	-	-	Nov 14, 2022 – Nov 13, 2023	Nov 14, 2023 – Nov 13, 2025
	-	607,000	Nov 3, 2023	-	-	-	607,000	8.35	7.95	-	2,202,459	Nov 3, 2023 – Nov 2, 2024	Nov 3, 2024 – Nov 2, 2026
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
	-	155,000	Nov 3, 2023	-	-	-	155,000	8.35	7.95	-	562,407	Nov 3, 2023 – Nov 2, 2024	Nov 3, 2024 – Nov 2, 2026
<b>Employees of the Group</b>													
Employees of the Group . . . . .	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)	-	(402,100)	1,966,200	20.24	-	22.90	-	Oct 29, 2021 – Oct 28, 2022	Oct 29, 2022 – Oct 28, 2024
	4,443,000	-	Nov 14, 2022	-	-	(875,000)	3,568,000	16.04	-	-	-	Nov 14, 2022 – Nov 13, 2023	Nov 14, 2023 – Nov 13, 2025
	-	5,816,000	Nov 3, 2023	-	-	(711,000)	5,105,000	8.35	7.95	-	19,847,000	Nov 3, 2023 – Nov 2, 2024	Nov 3, 2024 – Nov 2, 2026
<b>Total . . . . .</b>	<b><u>9,982,500</u></b>	<b><u>7,054,000</u></b>		<b><u>(299,600)</u></b>	<b><u>-</u></b>	<b><u>(2,665,700)</u></b>	<b><u>14,071,200</u></b>						

As of January 1, 2023, the number of Shares available for further grant under the Share Option Scheme was 122,555,400. As of December 31, 2023, the number of Shares available for further grant under the Share Option Scheme was 118,167,100, representing 8.23% of the total number of Shares in issue at that date. As of December 31, 2023, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 14,071,200, representing 0.98% of the total number of Shares in issue at that date. The number of Shares that may be issued in respect of share options granted under the Share Option Scheme as of December 31, 2023 divided by weighted average number of Shares in issue for the year ended December 31, 2023 is 0.97%.

## **ROUNDING**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***for the year ended 31 December 2023**(Expressed in Renminbi)*

	<i>Note</i>	<u>2023</u>	<u>2022</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	5,985,850	4,005,722
Other revenue	3	126,659	71,348
Raw materials and consumables used		(2,142,159)	(1,447,132)
Staff costs	4(b)	(1,544,103)	(1,133,857)
Depreciation of right-of-use assets	4(e)	(485,330)	(403,013)
Other rentals and related expenses		(138,844)	(83,248)
Depreciation and amortisation of other assets	4(e)	(235,615)	(190,268)
Utility expenses		(219,022)	(148,668)
Travelling and related expenses		(38,781)	(25,537)
Advertising and promotion expenses		(84,523)	(55,546)
Other expenses	4(d)	(438,588)	(316,124)
Share of losses of associates		(2,197)	(3,264)
Other net losses	4(c)	(32,276)	(87,805)
Finance costs	4(a)	(92,868)	(81,110)
Impairment losses of property, plant and equipment and right-of-use assets		(21,819)	(7,167)
<b>Profit before taxation</b>	4	<b>636,384</b>	94,331
Income tax	5	(156,386)	(38,721)
<b>Profit for the year</b>		<b>479,998</b>	<b>55,610</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		453,462	49,280
Non-controlling interests		26,536	6,330
<b>Profit for the year</b>		<b>479,998</b>	<b>55,610</b>
<b>Earnings per share</b>	6		
Basic (RMB)		<b>0.31</b>	0.03
Diluted (RMB)		<b>0.31</b>	0.03

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

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

for the year ended 31 December 2023

(Expressed in Renminbi)

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>479,998</b>	55,610
<b>Other comprehensive income for the year</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<b>(8,928)</b>	(126,444)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Mainland China	<b>33,265</b>	213,295
<b>Other comprehensive income for the year</b>	<b>24,337</b>	86,851
<b>Total comprehensive income for the year</b>	<b>504,335</b>	142,461
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>477,799</b>	136,131
Non-controlling interests	<b>26,536</b>	6,330
<b>Total comprehensive income for the year</b>	<b>504,335</b>	142,461

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***as at 31 December 2023**(Expressed in Renminbi)*

	<i>Note</i>	<u>2023</u>	<u>2022</u>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,129,483	736,623
Right-of-use assets		2,007,912	1,570,992
Intangible assets		25,674	24,562
Interests in associates		7,869	10,066
Other non-current financial assets	7	137,309	153,864
Deferred tax assets		116,153	115,015
Rental deposits		113,557	83,383
Other non-current assets		177,015	127,336
		<u>3,714,972</u>	<u>2,821,841</u>
<b>Current assets</b>			
Inventories	8	132,074	118,099
Trade and other receivables	9	643,844	505,456
Restricted bank deposits		231,456	10,563
Deposits with banks with original maturity date over three months		471,631	852,241
Cash and cash equivalents		1,326,902	1,098,872
		<u>2,805,907</u>	<u>2,585,231</u>
<b>Current liabilities</b>			
Trade and other payables	10	696,971	460,364
Contract liabilities		7,909	4,214
Lease liabilities		539,473	442,913
Bank loans		90,000	30,000
Current taxation		68,223	17,467
		<u>1,402,576</u>	<u>954,958</u>
<b>Net current assets</b>		<u>1,403,331</u>	<u>1,630,273</u>

	<i>Note</i>	<u>2023</u> <i>RMB'000</i>	<u>2022</u> <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans		154,162	–
Lease liabilities		1,545,050	1,207,438
Provisions		47,293	37,949
Derivative financial liabilities		8,905	–
Deferred tax liabilities		5,877	7,595
		<u>1,761,287</u>	<u>1,252,982</u>
<b>NET ASSETS</b>		<u><b>3,357,016</b></u>	<u><b>3,199,132</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>11(a)</i>	1	1
Reserves	<i>11(c)</i>	<u>3,335,534</u>	<u>3,174,281</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,335,535</b>	<b>3,174,282</b>
<b>Non-controlling interests</b>		<u><b>21,481</b></u>	<u>24,850</u>
<b>TOTAL EQUITY</b>		<u><b>3,357,016</b></u>	<u><b>3,199,132</b></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in Renminbi unless otherwise indicated)*

## 1 MATERIAL ACCOUNTING POLICIES

### (a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

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

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



**(c) Changes in accounting policies**

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments 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 – Pillar Two model rules*

Except for the Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies* and 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 accounting periods have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs is discussed below:

*Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

*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, 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.

## 2 REVENUE AND SEGMENT REPORTING

### (a) Revenue

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

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

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15:</b>		
Restaurant operations	<b>5,066,466</b>	3,203,210
Delivery business	<b>901,219</b>	787,114
Others	<b>18,165</b>	15,398
	<b>5,985,850</b>	4,005,722

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

No revenue from individual customer contributing over 10% of total revenue of the Group for the years ended 31 December 2023 and 2022.

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

*Contracts within the scope of IFRS 15*

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB6,201,000. This amount represents the customer loyalty scheme. The Group will recognise the expected revenue in future over the remaining contract period, which is expected to occur over the next 12 to 24 months.

**(b) Segment Reporting**

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

Tai Er: this segment operates restaurants featuring signature dish Chinese sauerkraut fish and delivery business under Tai Er brand.

Song Hot Pot: this segment operates restaurants featuring 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, Lai Mei Li Grilled Fish and Fresh Wood.

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

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

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

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

The measure used for reporting segment profit is "Non-GAAP Operating Profit", i.e. revenue deducting the following expenses at store-level (i) raw materials and consumables used, (ii) staff costs, (iii) depreciation of right-of-use assets, (iv) other rentals and related expenses, (v) depreciation and amortisation of other assets, (vi) utility expenses, (vii) advertising and promotion expenses and (viii) other expenses, excluding unallocated headquarter expenses.

In addition to receiving segment information concerning Non-GAAP Operating Profit, management is provided with segment information concerning inter segment sales, expense from borrowings managed directly by the segments, net gains/(losses) on disposal of property, plant and equipment and right-of-use assets.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	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	4,476,906	3,108,328	806,512	259,814	629,550	605,511	72,882	32,069	5,985,850	4,005,722
<b>Reportable segment profit/(loss)</b>										
(Non-GAAP Operating Profit)	865,833	444,893	98,749	(5,064)	110,758	78,031	1,627	(1,282)	1,076,967	516,578
Finance costs	(66,980)	(61,294)	(15,419)	(7,579)	(8,139)	(11,582)	(2,330)	(655)	(92,868)	(81,110)
Gains/(losses) on disposal of property, plant and equipment and right-of-use assets, net	(142)	(2,057)	(364)	(207)	4,856	1,626	(1,619)	(96)	2,731	(734)
Impairment losses of property, plant and equipment and right-of-use assets	(10,112)	(2,862)	(6,507)	-	(526)	(4,157)	(4,674)	(148)	(21,819)	(7,167)
<b>Reportable segment assets</b>	<b>2,896,373</b>	<b>2,462,541</b>	<b>596,094</b>	<b>313,712</b>	<b>863,797</b>	<b>891,037</b>	<b>75,875</b>	<b>42,913</b>	<b>4,432,139</b>	<b>3,710,203</b>
<b>Additions to non-current segment assets during the year</b>	<b>852,545</b>	<b>568,772</b>	<b>328,432</b>	<b>166,729</b>	<b>68,472</b>	<b>28,207</b>	<b>57,342</b>	<b>2,872</b>	<b>1,306,791</b>	<b>766,580</b>
<b>Reportable segment liabilities</b>	<b>2,504,903</b>	<b>2,275,416</b>	<b>673,071</b>	<b>395,853</b>	<b>388,699</b>	<b>526,875</b>	<b>82,787</b>	<b>63,021</b>	<b>3,649,460</b>	<b>3,261,165</b>

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

	2023	2022
	RMB'000	RMB'000
<b>Profit</b>		
Reportable segment profit (Non-GAAP Operating Profit)	1,076,967	516,578
Other revenue	126,659	71,348
Travelling and related expenses	(38,781)	(25,537)
Share of losses of associates	(2,197)	(3,264)
Other net losses	(32,276)	(87,805)
Finance costs	(92,868)	(81,110)
Impairment losses of property, plant and equipment and right-of-use assets	(21,819)	(7,167)
Unallocated headquarter expenses	(379,301)	(288,712)
<b>Consolidated profit before taxation</b>	<b>636,384</b>	<b>94,331</b>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	4,432,139	3,710,203
Elimination of inter-segment receivables	<u>(2,056,659)</u>	<u>(2,196,265)</u>
	2,375,480	1,513,938
Interests in associates	7,869	10,066
Other non-current financial assets	137,309	153,864
Deferred tax assets	116,153	115,015
Unallocated headquarter assets	<u>3,884,068</u>	<u>3,614,189</u>
Consolidated total assets	<u><b>6,520,879</b></u>	<u><b>5,407,072</b></u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	3,649,460	3,261,165
Elimination of inter-segment payables	<u>(2,056,659)</u>	<u>(2,196,265)</u>
	1,592,801	1,064,900
Current taxation	68,223	17,467
Deferred tax liabilities	5,877	7,595
Derivative financial liabilities	8,905	–
Unallocated headquarter liabilities	<u>1,488,057</u>	<u>1,117,978</u>
Consolidated total liabilities	<u><b>3,163,863</b></u>	<u><b>2,207,940</b></u>

**(iii) Geographic information**

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

### 3 OTHER REVENUE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income on:		
– bank deposits	57,599	21,589
– rental deposits	2,495	2,136
– others	4,285	3,339
	<u>64,379</u>	<u>27,064</u>
Income from value-added tax super deduction and exemption ( <i>note (i)</i> )	45,870	27,562
Government grants ( <i>note (ii)</i> )	14,729	16,023
Others	1,681	699
	<u>126,659</u>	<u>71,348</u>

#### Notes:

- (i) Income from value-added tax super deduction and exemption represented the super deduction and exemption on value-added tax granted by the government authorities in the PRC.
- (ii) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC.

### 4 PROFIT BEFORE TAXATION

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(a) <b>Finance costs</b>		
Interest on bank loans	4,734	809
Interest on lease liabilities	89,319	78,663
Interest on provisions	1,934	1,638
	<u>95,987</u>	<u>81,110</u>
Total interest expense on financial liabilities not at fair value through profit or loss	95,987	81,110
Less: interest expense capitalised into properties under development ( <i>note</i> )	<u>(3,119)</u>	<u>–</u>
	<u>92,868</u>	<u>81,110</u>

*Note:* The borrowing costs have been capitalised at a rate of 2.8% – 3.0% per annum (2022: Nil).

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(b) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	963,766	845,408
Contributions to defined contribution retirement plans	34,483	26,939
Equity-settled share-based payment expenses	<u>21,153</u>	<u>13,733</u>
	<u>1,019,402</u>	<u>886,080</u>
Outsourced staff costs	<u>524,701</u>	<u>247,777</u>
	<u>1,544,103</u>	<u>1,133,857</u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(c) Other net losses</b>		
(Gains)/losses on disposal of property, plant and equipment and right-of-use assets	(2,731)	734
Losses on rental deposits	1,392	355
Net foreign exchange losses	22,899	78,862
Donations	1,252	848
Net fair value changes of financial assets measured at FVPL	7,214	7,686
Net fair value changes of derivative financial liabilities measured at FVPL	8,846	–
Loss on disposal of a non-wholly owned subsidiary	–	1,991
Others	<u>(6,596)</u>	<u>(2,671)</u>
	<u>32,276</u>	<u>87,805</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(d) Other expenses</b>		
Auditors' remuneration		
– audit services	2,950	2,800
– non-audit services	850	800
	<u>3,800</u>	<u>3,600</u>
Professional service fees	82,922	66,599
Expenses for opening new restaurants	76,643	44,922
Transportation and related expenses	156,122	125,158
Maintenance expenses	29,122	14,552
Bank charges	20,135	8,934
Insurance expenses	3,384	2,548
Business development expenses	2,966	5,785
Office expenses	20,778	15,020
Research and development expenses	3,956	3,082
Cleaning fees	22,059	16,430
Cultural activity fees	5,961	1,004
Business tax and surcharges	7,502	3,581
Others	3,238	4,909
	<u>438,588</u>	<u>316,124</u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(e) Other items</b>		
Amortisation	9,384	5,918
Depreciation		
– property, plant and equipment	226,231	184,350
– right-of-use assets	485,330	403,013
	<u>711,561</u>	<u>587,363</u>



## 5. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
Provision for the year		
– PRC income tax	150,286	70,712
– Other jurisdictions	7,924	1,307
Over-provision in respect of prior years	<u>(342)</u>	<u>(156)</u>
	<b><u>157,868</u></b>	<b><u>71,863</u></b>
<b>Deferred tax</b>		
Reversal of accumulated tax loss and temporary differences	<u>(1,482)</u>	<u>(33,142)</u>
	<b><u>156,386</u></b>	<b><u>38,721</u></b>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before taxation	<b><u>636,384</u></b>	<b><u>94,331</u></b>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	153,993	39,805
Effect of preferential income tax rates of certain subsidiaries (iii)	(15,042)	(5,133)
Effect of non-deductible expenses	11,694	11,257
Tax effect of unused tax losses and deductible temporary differences not recognised	9,408	2,174
Tax effect of using the deductible losses and deductible temporary differences not recognised	(630)	(182)
Effect of recognising the deductible losses and temporary differences for which no deferred tax asset was recognised in previous years	(774)	(7,595)
Over-provision in respect of prior years	(342)	(156)
Others	<u>(1,921)</u>	<u>(1,449)</u>
Actual tax expense	<b><u>156,386</u></b>	<b><u>38,721</u></b>

*Notes:*

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Group’s subsidiaries in Hong Kong did not have any other assessable profits for the years ended 31 December 2023 (2022: Nil), except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The provision for Hong Kong Profits Tax for 2023 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK\$6,000 for each business (2022: a maximum reduction of HK\$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2022).

- (iii) Taxable income for the Group’s subsidiaries in the PRC are subject to PRC income tax rate of 25% for the years ended 31 December 2023 and 2022, unless otherwise specified below.

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

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

A subsidiary met the criteria required for preferential income tax rate granted to the encouraged industry that operates in Nansha district, Guangzhou in the PRC, and was entitled to a preferential income tax rate of 15% from 2023 to 2026.

A subsidiary met the criteria for software enterprises encouraged in the PRC, and was entitled to be exempted from income tax from 2022 to 2023.

- (iv) The Company’s subsidiaries incorporated overseas, other than Hong Kong and the BVI, are subject to overseas profits tax at 12% to 29.84% on estimated assessable profit for the year ended 31 December 2023 (2022: 3% to 28%).
- (v) According to the Corporate Income Tax Law and its implementation rules, dividends and interest receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The withholding tax rate of 10% was applicable for the Group for the years ended 31 December 2023 and 2022.

## 6 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit attributable to equity shareholders of the Company of RMB453,462,000 (2022: RMB49,280,000) and the weighted average of 1,452,573,976 shares (2022: 1,453,662,569) in issue during the year.

	2023 <i>Shares</i>	2022 <i>Shares</i>
Issued shares at 1 January	1,454,212,100	1,453,410,000
Effect of shares issued due to exercise of share options	292,262	252,569
Effect of shares repurchased	<u>(1,930,386)</u>	<u>–</u>
Weighted average number of shares at 31 December	<u><u>1,452,573,976</u></u>	<u><u>1,453,662,569</u></u>

### (b) Diluted earnings per share

The effect of share options of the Group were anti-dilutive for the year ended 31 December 2023.

## 7 OTHER NON-CURRENT FINANCIAL ASSETS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Equity securities designated at FVOCI (non-recycling)</b>		
– Unlisted equity securities ( <i>note (a)(c)</i> )	48,541	54,009
– Listed equity securities ( <i>note (b)(c)</i> )	<u>6,716</u>	<u>11,410</u>
	<u><u>55,257</u></u>	<u><u>65,419</u></u>
<b>Financial assets measured at FVPL</b>		
– Investments in limited partnership enterprises ( <i>note (d)</i> )	26,639	29,601
– Investments in funds ( <i>note (e)</i> )	<u>55,413</u>	<u>58,844</u>
	<u><u>82,052</u></u>	<u><u>88,445</u></u>
	<u><u>137,309</u></u>	<u><u>153,864</u></u>

### Notes:

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

- (b) The Group held equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group designated its investments in the listed equity securities at FVOCI (non-recycling), as the investments are held for long-term investment purpose. Fair value of the listed equity securities is measured by referencing to the stock price.
- (c) Dividends of RMB1,681,000 were received on these investments during the year ended 31 December 2023.
- (d) The Group held investments in limited partnership enterprises (the “Partnership Enterprise(s)”). These Partnership Enterprises are specialised in equity investment. The Group has an intention of holding such investments as long-term investments. According to the Partnership Enterprises agreements, the Partnership Enterprises are managed by their general partner. The Group participates in the Partnership Enterprise as one of the limited partners who does not have power on selection nor removal of assets manager or general partner of the Partnership Enterprise. In addition, the Group does not have any right on making operating, investing and financing decision of the Partnership Enterprise. The directors are of the opinion that the Group does not have any control nor significant influence to affect the variable returns through its investment in the Partnership Enterprise and therefore these investments are accounted for at fair value. Fair value of the investments in such Partnership Enterprises is measured by referencing to the fair value of underlying investments. Fair value of each underlying investment is determined by the directors of the Company with reference to the valuation performed, using the price-to-sales ratios of comparable listed companies adjusted for lack of marketability discount if no market information of recent transactions is available, such as recent fund-raising transactions undertaken by the investees. Otherwise, the costs are used as approximation of fair value if the initial investment date is relatively close to the measurement date, or the investees are start-up entities when there is no catalyst for a change in fair value.
- (e) The Group held investments in funds operated by a fund management company. The investments are accounted for at fair value. Since the units in the funds are redeemable at the net asset value of the funds, fair value of such investments is measured according to the net asset value as at 31 December 2023 and 2022.

## 8 INVENTORIES

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Food ingredients	83,877	73,056
Condiment product	29,331	23,547
Beverage	4,445	4,240
Other materials	14,421	17,256
	<u>132,074</u>	<u>118,099</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount of inventories sold ( <i>note</i> )	<u>2,205,901</u>	<u>1,499,369</u>

*Note:* Carrying amount of inventories sold includes RMB63,742,000 for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB52,237,000), relating to “staff costs”, “depreciation and amortisation expenses”.

## 9 TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade debtors	37,562	20,615
Input value-added tax recoverable	345,245	229,892
Deposits	71,531	59,115
Other receivables	36,184	23,546
Interests receivables	881	8,821
Prepayments to vendors	71,025	71,061
Prepayments to an associate	7,864	–
Amounts due from related parties	73,552	92,406
	<u>643,844</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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	<u>37,562</u>	<u>20,615</u>

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

## 10 TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	209,310	188,247
Construction fee payables	123,986	34,708
Staff cost payable	142,657	96,424
Accrued charges	75,718	57,293
Other taxes payables	8,280	3,131
Other payables	61,856	40,382
Amounts due to related parties	71,094	36,282
Dividends payable	4,070	3,897
	<u>696,971</u>	<u>460,364</u>

All trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

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

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 1 year	<b><u>209,310</u></b>	<u>188,247</u>

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

#### (i) Issued share capital

	<b>2023</b>	
	<b>No. of shares</b>	<b>Nominal value of fully paid shares</b> <i>USD RMB equivalent</i>
<b>Ordinary shares, issued and fully paid:</b>		
At 1 January 2023	1,454,212,100	145.42 986
Shares issued under Share Option Scheme at USD0.0000001 each ( <i>note 11(a)(ii)</i> )	299,600	0.03 –*
Shares repurchased ( <i>note 11(a)(iii)</i> )	<u>(17,944,000)</u>	<u>(1.79) (13)</u>
At 31 December 2023	<b><u>1,436,567,700</u></b>	<b><u>143.66 973</u></b>

\* The amount represents amount less than RMB1,000.

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

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

#### (ii) Shares issued under Share Option Scheme

During the year ended 31 December 2023, share options were exercised to subscribe for a total of 299,600 (2022: 802,100) 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.

**(iii) Purchase of own shares**

During the year ended 31 December 2023, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid	Aggregate price paid RMB equivalent
		HKD	HKD		
November 2023	17,944,000	9.15	7.77	149,992,000	137,255,000

During the year ended 31 December 2023, 17,944,000 shares were repurchased and cancelled (2022: Nil).

**(b) Movements in components of equity**

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

The Company

	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2022		1	2,835,824	-	7,503	(242,558)	(741)	40,606	2,640,635
Loss for the year		-	-	-	-	-	-	(65,774)	(65,774)
Other comprehensive income		-	-	-	-	237,617	(8,435)	-	229,182
Equity-settled share-based transactions		-	-	-	12,881	-	-	-	12,881
Shares issued under Share Option Scheme	11(a)(ii)	-*	15,598	-	(2,786)	-	-	-	12,812
Share options forfeited during the year		-	-	-	(97)	-	-	97	-
Dividends declared in respect of previous year	11(d)	-	(70,968)	-	-	-	-	-	(70,968)
At 31 December 2022 and 1 January 2023		1	2,780,454	-	17,501	(4,941)	(9,176)	(25,071)	2,758,768

	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits/ losses (Accumulated) RMB'000	Total RMB'000
Profit for the year		-	-	-	-	-	-	202	202
Other comprehensive income		-	-	-	-	39,188	(4,827)	-	34,361
Purchase of own shares	11(a)(iii)	-	-	(137,255)	-	-	-	-	(137,255)
	11(a)(i)								
Cancellation of shares	& (iii)	-*	(137,255)	137,255	-	-	-	-	-
Equity-settled share-based transactions		-	-	-	20,635	-	-	-	20,635
Shares issued under Share Option Scheme	11(a)(ii)	-*	5,974	-	(1,034)	-	-	-	4,940
Share options forfeited during the year		-	-	-	(3,826)	-	-	3,826	-
Dividends declared in respect of previous year	11(d)	-	(12,795)	-	-	-	-	-	(12,795)
At 31 December 2023		<u>1</u>	<u>2,636,378</u>	<u>-</u>	<u>33,276</u>	<u>34,247</u>	<u>(14,003)</u>	<u>(21,043)</u>	<u>2,668,856</u>

\* The amount represents amount less than RMB1,000.

**(c) Nature and purposes of reserves**

**(i) Capital reserve**

During the year ended 31 December 2020, the Group disposed 20% and 0.1% equity interest of Xi Qin Catering to non-controlling shareholders at consideration of RMB10,000 in aggregate and retain 79.9% equity interests after disposal. The capital reserve of the Group as at 31 December 2023 and 31 December 2022 represented the difference between the consideration obtained and the disposed proportionate interests in identifiable net assets of the above subsidiary.

**(ii) Share premium**

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

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

**(iii) Share-based payments reserve**

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



**(iv) Statutory reserve**

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

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

**(v) Exchange reserve**

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

**(vi) Fair value reserve (non-recycling)**

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

**(vii) Acquisition of NCI**

On 1 November 2023, the Group acquired additional 3.24% equity interests in Tai Er Catering for RMB199,494,000 and held 91.24% equity interests of Tai Er Catering in aggregate upon completion of the acquisition.

**(d) Dividends**

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Final dividend proposed after the end of the year of HKD0.15 per ordinary share (2022: HKD0.01 per ordinary share)	<b>195,600</b>	12,795

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

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

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Final dividend in respect of the previous financial year of HKD0.01 per ordinary share (2022: HKD0.06)	<b><u>12,795</u></b>	<u>70,968</u>

Dividends of RMB27,000,000 (31 December 2022: RMB39,600,000) was declared by Tai Er Catering to their NCI holders during the year. Dividend of RMB25,600,000 (31 December 2022: RMB12,000,000) were paid during the year and unpaid dividends of RMB1,400,000 (2022: RMB27,600,000) were accrued and presented in “Trade and other payables” as at 31 December 2023.

**(e) Distributability of reserves**

As at 31 December 2023, the aggregate amount of distributable reserves of the Company, calculated in accordance with the Companies Act of the Cayman Islands, amounted to RMB2,668,855,000 (2022: RMB2,758,767,000).

**(f) Capital management**

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

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

The Group’s overall strategy remains unchanged throughout the years ended 31 December 2023 and 2022. The Group monitors its capital structure with reference to its debt position. The Group’s strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group’s debt to asset ratio, being the Group’s total liabilities over its total assets, as at 31 December 2023 was 48.5% (31 December 2022: 40.8%).

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

**12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

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

### 13 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

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

### 14 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING YEAR BEGINNING ON OR AFTER 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IAS 1, <i>Presentation of financial statements:</i> <i>Classification of liabilities as current or non-current (“2020 amendments”)</i>	1 January 2024
Amendments to IAS 1, <i>Presentation of financial statements:</i> <i>Non-current liabilities with covenants (“2022 amendments”)</i>	1 January 2024
Amendments to IFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to IAS 7, <i>Statement of cash flows and IFRS 7,</i> <i>Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates:</i> <i>Lack of exchangeability</i>	1 January 2025

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

## **OTHER INFORMATION**

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

In November 2023, the Company utilized an aggregate of approximately HKD150.0 million (equivalent to approximately RMB137.3 million, including commissions and transaction costs) to repurchase 17,944,000 Shares on market at prices ranging from HKD7.77 to HKD9.15 per Share. The Shares repurchased during such period represented 1.2% of issued Shares as of December 31, 2023. All of the Shares repurchased during the year ended December 31, 2023 were subsequently cancelled by the Company on December 8, 2023. The repurchase was based on the Company's operational growth outlook while acknowledging market conditions and macroeconomic performance indicators. Given the strong showing of the Group's financial performance, the Board believes that the repurchase demonstrates the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for the Shareholders as a whole. See note 11(a)(iii) to the consolidated financial statements in this announcement for details of the Shares repurchased.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the year ended December 31, 2023.

### **Compliance with the Corporate Governance Code**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Listing Rules.

The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code during the year ended December 31, 2023, except for the deviation from code provision C.2.1 of the CG Code as explained below.

Mr. Guan Yihong (“**Mr. Guan**”) is the chairman of the Board and served as the chief executive officer of the Company up to February 29, 2024. Since the founding of the Group in 2005, Mr. Guan has been responsible for formulating the Group’s overall business development strategies and leading the Group’s overall operations, and therefore has been instrumental to the growth and business expansion of the Group. Mr. Guan’s vision and leadership have played a pivotal role in the Group’s success and achievements to date, and therefore the Board considers that vesting the roles of chairman of the Board and chief executive officer in the same person is beneficial to the management of the Group. While this will constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Mr. Guan and the other Directors are aware of and undertake to fulfill their fiduciary duties as directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

In order to comply with code provision C.2.1 of the CG Code that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, with effect from March 1, 2024, Mr. He Chengxiao (何成效), an executive Director, has been appointed as the new chief executive officer of the Company. Mr. Guan will remain as an executive Director, the chairman of the Board and the chairman of the nomination committee of the Company. For details, please refer to the announcement of the Company dated February 29, 2024.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code during the year ended December 31, 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 year ended December 31, 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 of the Audit Committee), 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 Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Company’s auditor, KPMG, Certified Public Accountants (the “**Auditor**”). Based on this review and discussions with the management and the Auditor, the Audit Committee was satisfied that the Group’s audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended December 31, 2023.

### **Scope of Work of KPMG**

The financial figures in respect of the Group’s consolidated statement of financial position as at December 31, 2023, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been compared by the Auditor, to the amounts set out in the Group’s audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor.

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

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.jiumaojiu.com](http://www.jiumaojiu.com)). The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the same websites in due course.

## **APPRECIATION**

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

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

Hong Kong, March 22, 2024

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