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Nayuki Holdings Limited
奈雪的茶控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2150)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The Board hereby announces the audited consolidated annual results of the Group for the year ended December 31, 2023 (the "**Results Announcement**"), together with the comparative figures for the year ended December 31, 2022, as below. The results have been reviewed by the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

In 2023, the offline consumer industry environment changed considerably. With the COVID-19 outbreak rapidly receding, offline consumer performance recovered quickly in the first quarter of 2023. However, this trend has not been sustained, with traditional peak seasons such as the Labour Day holidays and the summer season for students, in particular, performing largely in line with or below expectations, and showing the characteristics of "demand not robust during peak season". If factors such as population movement during holidays are excluded, the trend of change in performance is basically the same across different regions and city lines. In the case of the freshly-made tea industry, we have not observed any major changes on the supply side, but there is no doubt about the pressure on the demand side.

In response to the above, we made several adjustments in 2023, the most significant of which was the franchise business. In late July 2023, we formally announced the opening of franchising for our main brand. As of the end of February 2024, approximately 200 franchise stores had opened. Franchise stores are mainly focused on mid and low-tier cities, which will help us explore new markets and tap new demand. In addition, we opened our first store in Thailand at the end of 2023 and will continue to increase our overseas expansion efforts thereafter.

In 2023, the Group's revenue increased by approximately 20.3% from RMB4,291.6 million in 2022 to RMB5,164.1 million, and the adjusted net profit/(loss) changed from loss of RMB461.3 million in 2022 to profit of RMB20.9 million in 2023.

In 2023, we recorded store-level operating profit of RMB828.7 million for our *Nayuki* self-operated stores, representing an increase of approximately 76.3% compared to 2022. The store-level operating profit margin of *Nayuki* self-operated stores was 17.7% in 2023, representing an increase of approximately 5.9 percentage points compared to 2022. Net cash generated from operating activities of the Group increased by approximately 170.2% from RMB306.6 million in 2022 to RMB828.5 million.

As of 31 December 2023, the Group had a total of 81 *Nayuki* franchise stores, and we plan to provide the market with more information on the performance of the franchise stores at an appropriate time. For the avoidance of doubt, unless otherwise stated, the figures in the section headed "Management Discussion and Analysis" in respect of *Nayuki* teahouses include *Nayuki* self-operated stores only.

Performance by sub-brands

For the Reporting Period, *Nayuki* self-operated stores contributed a vast majority of our revenue. In the foreseeable future, we expect that *Nayuki* self-operated stores will continue to be our key business. The following table sets out our performance by our sub-brands.

	For the year ended December 31,					
	2023		2022		Change	
	RMB	***%***	*RMB*	*%*	*RMB*	*Percentage point(s)*
	(in thousands, except percentages)					
Nayuki self-operated stores	**4,691,501**	**90.8**	3,969,306	92.5	722,195	-1.7
Ready-to-drink beverage	**266,619**	**5.2**	157,031	3.7	109,588	1.5
Tai Gai	**53,498**	**1.0**	82,584	1.9	-29,086	-0.9
Others[(1)]	**152,438**	**3.0**	82,665	1.9	69,773	1.1
Total	**5,164,056**	**100.0**	4,291,586	100.0	872,470	N/A

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Store-level Operating Profit[(2)]	**Store-level Operating Profit Margin**[(2)]	Store-level Operating Profit[(2)]	Store-level Operating Profit Margin[(2)]
	RMB	***%***	*RMB*	*%*
	(in thousands, except percentages)			
Nayuki self-operated stores	**828,723**	**17.7**	469,945	11.8
Tai Gai	**-8,440**	**-15.8**	-11,949	-14.5

	For the year ended December 31, 2023	For the year ended December 31, 2022
***Nayuki* self-operated stores**		
Average sales value per order*(RMB)*[(3)]	**29.6**	34.3
Average orders per teahouse per day(#)[(4)]	**344.3**	348.2

Notes:

(1) Including revenue derived from business lines other than *Nayuki* self-operated stores, Tai Gai teahouses and ready-to-drink beverage, which consist primarily of sales of gifts such as gift tea boxes, seasonal gift sets and retail products, as well as revenue generated from our franchise business.

(2) We define store-level operating profit as revenue deducting operational costs, comprising costs of materials, staff costs, depreciation of right-of-use assets, other rentals and related expenses, depreciation and amortization of other assets, utilities expenses and delivery expenses, incurred at the store level under each teahouse brand, while store-level operating profit margin is calculated by dividing store-level operating profit by revenue for the corresponding period.

(3) Calculated by the revenue generated by a *Nayuki* self-operated store in certain period divided by the total number of orders placed by customers to such *Nayuki* self-operated store in the same period.

(4) Calculated by the arithmetic average amount of valid orders per day of a *Nayuki* self-operated store in certain period.

Performance by business lines

We intend to modernize China's long-lived tea-drinking culture and promote it to more customers by offering freshly-made tea drinks and baked goods coupled with enjoyable customer experience. Moreover, in order to cater to the diversified demands of our customers, we have launched ready-to-drink beverage and various retail products such as snacks and gift products. The following table sets out our performance by business lines.

	For the year ended December 31,					
	2023		2022		Change	
	RMB	*%*	*RMB*	*%*	*RMB*	*Percentage point(s)*
	(in thousands, except percentages)					
Freshly-made tea drinks	**3,776,943**	**73.1**	3,135,326	73.0	641,617	0.1
Baked goods	**707,662**	**13.7**	775,672	18.1	-68,010	-4.4
Ready-to-drink beverage	**266,619**	**5.2**	157,031	3.7	109,588	1.5
Others [(1)]	**412,832**	**8.0**	223,557	5.2	189,275	2.8
Total	**5,164,056**	**100.0**	4,291,586	100.0	872,470	N/A

Note:

(1) Primarily include coffee, peripheral products, retail products and gifts, such as gift tea boxes, snacks, seasonal gift sets and revenue generated from our franchise business.

Performance by income sources – *Nayuki* self-operated stores

The following table sets out the performance of *Nayuki* self-operated stores by income sources.

	For the year ended December 31,					
	2023		2022		Change	
	RMB	*%*	*RMB*	*%*	*RMB*	*Percentage point(s)*
	(in thousands, except percentages)					
***Nayuki* self-operated stores**						
Order at store counter[(1)]	**680,195**	**14.5**	759,744	19.1	-79,549	-4.6
Pickup orders[(2)]	**2,044,667**	**43.6**	1,372,624	34.6	672,043	9.0
Delivery orders[(3)]	**1,966,639**	**41.9**	1,836,938	46.3	129,701	-4.4
Total	**4,691,501**	**100.0**	3,969,306	100.0	722,195	N/A

Notes:

(1) Representing revenue generated from customer orders placed on-site at *Nayuki* self-operated stores (excluding orders placed through our WeChat, Alipay and third-party platform mini programs).

(2) Representing revenue generated from customer orders placed through our WeChat, Alipay and third-party platform mini programs.

(3) Representing revenue generated from delivery orders that require delivery services. In 2023, out of the revenue of the Group's *Nayuki* self-operated stores, approximately 35.5% was derived from revenue generated from delivery orders placed by third-party platforms; and approximately 6.4% was derived from revenue generated from delivery orders placed by the Group's self-operated platform.

***Nayuki* Membership Program**

As at December 31, 2023, the Company had registered members of approximately 80.5 million. The monthly active members(1) of the Company amounted to approximately 4.7 million, with a monthly repurchase rate(2) of approximately 23.9%.

Notes:

(1) Representing the average number of members who ordered our products at least once a month during 2023;

(2) Representing the average proportion of active members who ordered our products at least twice a month during 2023.

2. PERFORMANCE ANALYSIS OF *NAYUKI* SELF-OPERATED STORES

Number and distribution of stores

As of December 31, 2023, the Group had 1,574 *Nayuki* self-operated stores in 111 cities. In 2023, we recorded a net increase of 506 *Nayuki* self-operated stores. We insist on further expanding our teahouse network and increasing market penetration mainly in the existing Tier 1 cities, New Tier 1 cities and key Tier 2 cities, so as to cultivate and consolidate consumers' consumption habits. The following table sets out the breakdown of the number of our *Nayuki* self-operated stores by geographic location.

	As at December 31, 2023	As at December 31, 2022
Number of Type-I Teahouses(#)		
Tier 1 cities	**398**	309
New Tier 1 cities	**421**	294
Tier 2 cities	**278**	213
Other cities[1]	**133**	80
Total	**1,230**	896

	As at December 31, 2023	As at December 31, 2022
Number of Type-II Teahouses(#)		
Tier 1 cities	**144**	64
New Tier 1 cities	**131**	63
Tier 2 cities	**50**	29
Other cities[1]	**19**	16
Total	**344**	172

Note:

(1) Including (i) cities of other tiers across mainland China and (ii) cities outside mainland China.

Performance by market

The following table sets out certain key performance indicators for stores in certain cities.

	As of and for the year ended December 31, 2023		
	Number of stores[1](#)	**Average daily sales per teahouse** ***(RMB'000)***	**Store-level operating profit margin[2]** ***(%)***
Nayuki **self-operated stores**			
Shenzhen	**208**	**14.6**	**23.2**
Shanghai	**94**	**11.0**	**15.0**
Guangzhou	**101**	**11.1**	**19.2**
Wuhan	**86**	**9.8**	**18.9**
Xi'an	**57**	**12.2**	**24.7**
Beijing	**77**	**11.3**	**12.6**

The following table sets out certain key performance indicators for stores in different tiered cities.

	For the year ended December 31,				
		2023	2022	**2023**	2022
	Number of stores[1](#)	Average daily sales per teahouse *(RMB'000)*		Store-level operating profit margin[2] *(%)*	
Nayuki **self-operated stores**					
Tier 1 cities	480	**12.7**	14.4	**19.6**	13.5
New Tier 1 cities	480	**9.5**	11.4	**17.3**	12.6
Tier 2 cities	302	**9.6**	11.1	**18.1**	13.0
Other cities[3]	131	**9.7**	11.9	**19.6**	16.6

The following table sets out certain same-store key performance indicators of *Nayuki* self-operated stores in certain cities.

		For the year ended December 31,			
		2023	2022	**2023**	2022
	Number of stores(4)(#)	Average daily sales per teahouse *(RMB'000)*		Store-level operating profit margin(2) *(%)*	
***Nayuki* self-operated stores**					
Shenzhen	143	**16.0**	17.4	**23.4**	17.7
Shanghai	57	**11.5**	11.1	**14.0**	3.6
Guangzhou	68	**11.5**	12.4	**18.7**	13.4
Wuhan	51	**10.7**	11.5	**19.0**	11.3
Xi'an	38	**13.1**	13.6	**25.0**	18.4
Beijing	54	**11.9**	11.5	**12.5**	4.9

Notes:

(1) Only including stores that opened for at least 60 days as of December 31, 2023 and did not cease operation as of December 31, 2023. We are of view that stores opened for less than 60 days may be significantly affected by opening promotions, "store opening customer traffic" and other factors, which may lead to the overall data being unrepresentative and misleading to investors. Therefore, we have excluded those stores.

(2) Since there are one-off opening expenses, including but are not limited to, pre-operating labor costs for the teahouse and other expenses, to be included in the profit and loss for the month that the teahouse commences operation, it will be not meaningful for reference due to the fact that the store-level profit margin of such teahouses to be significantly affected by the opening expenses. To facilitate investors to have a better understanding and compare the daily profitability of teahouses in different types, the store-level operating profit margin listed in the table has excluded the impact of the one-off opening expenses mentioned above.

(3) Including (i) cities of other tiers across mainland China; and (ii) cities outside mainland China.

(4) Only including stores that operated for at least 60 days in 2022 and 2023 and did not cease operations as of December 31, 2023.

Performance by store nature

The following table sets out certain key performance indicators of Type-I Teahouses and Type-II Teahouses.

	As of and for the year ended December 31, 2023		
	Number of stores[1](#)	**Average daily sales per teahouse *(RMB'000)***	**Store-level operating profit margin[2] *(%)***
Type-I Teahouses	**1,105**	**11.1**	**18.3**
Type-II Teahouses	**288**	**8.5**	**20.4**

Notes:

(1) Only including stores that opened for at least 60 days as of December 31, 2023 and did not cease operation as of December 31, 2023. We are of view that stores opened for less than 60 days may be significantly affected by opening promotions, "store opening customer traffic" and other factors, which may lead to the overall data being unrepresentative and misleading to investors. Therefore, we have excluded those stores.

(2) Since there are one-off opening expenses, including but are not limited to, pre-operating labor costs for the teahouse and other expenses, to be included in the profit and loss for the month that the teahouse commences operation, it will be not meaningful for reference due to the fact that the store-level profit margin of such teahouses to be significantly affected by the opening expenses. To facilitate investors to have a better understanding and compare the daily profitability of teahouses in different types, the store-level operating profit margin listed in the table has excluded the impact of the one-off opening expenses mentioned above.

Unit economic model

The following table sets forth the changes in the unit economic model of the stores of *Nayuki* self-operated stores:

	For the year ended December 31,	
	2023	2022
Labour(%)	**20.3**	23.5
Rent(%)	**14.5**	15.5
Delivery order fee(%)	**8.2**	9.4
Raw material, utilities expenses, other depreciation and amortization(%)[1]	**39.3**	39.7
Store-level operating profit margin(%)	**17.7**	11.9

Note:

(1) Raw material cost ratio remains stable, utilities expenses are basically variable costs and other depreciation and amortization are fixed cost. We believe that the other three cost ratios (i.e., labour, rent, and delivery order fee) are the main indicators of the optimisation in the unit economic model of the stores.

3. OUTLOOK

Looking ahead to 2024, we expect demand pressures to continue. In this regard, we will step up the upgrading and promotion of our classic products such as the "Nayuki Fragrant Octet" series, which is a drinkable "perfume", and maintain a reasonable and proactive marketing effort through co-branding activities, in order to consolidate consumer demand. We will also continue to invest in franchise business and overseas expansion to reach consumers in a wider range of markets. In February 2024, we optimized our franchisee requirements, with more flexible types of stores and lower initial investment costs. This will help to reduce the pressure on franchisees' capital and support the continued growth of the franchise business.

We will further strengthen our focus on the quality of growth and increase profits by improving efficiency. We expect to make greater optimization adjustments to middle and back-office labor costs. Meanwhile, with the development of the industry, changes in the external consumer environment and the capital market, while the top brands continue to grow, there may be a "crowding out effect" on small and medium brands with weaker overall strength.

In terms of capital security, as at 31 December 2023, the Group held cash and deposits totaling RMB2,983.5 million and had no interest-bearing borrowings. We have sufficient cash and cash flow to support operations and expansion. Currently, we have no plan for large-scale refinancing.

In this complex market environment, we sincerely thank our Shareholders and analysts for their continued interest and support. In 2024, we will continue to endeavor to provide market-leading communications and services in the capital markets. We believe that with the efforts of all our partners in broadening sources of income and reducing costs, the Company will deliver satisfactory fundamental results to the market.

FINANCIAL REVIEW

Revenue

The Group generates substantially all of its revenue from sales of products offered by *Nayuki* self-operated stores. For the Reporting Period and 2022, *Nayuki* self-operated stores contributed 90.8% and 92.5% of the total revenue, respectively. The remaining small portion of revenue was mainly derived from our ready-to-drink beverage business, teahouses operated under our sub-brand Tai Gai as well as the franchise business.

The Group recorded revenue of RMB5,164.1 million for the Reporting Period (2022: RMB4,291.6 million), representing an increase of approximately 20.3% as compared with 2022. The increase in revenue was mainly attributable to the on-going increase in number of operating stores of the Group and the relaxation of control measures on COVID-19 across the regions in the mainland China in 2023.

Other income

Other income of the Group consists primarily of (i) interest income on bank deposits, term deposits and rental deposits; and (ii) government grants, primarily representing unconditional cash awards granted by local governments. Other income of the Group amounted to RMB186.5 million for the Reporting Period (2022: RMB125.0 million). The increase in the Group's other income was primarily due to the increase in interest income from term deposits.

Expenses

Cost of materials

Cost of materials consists primarily of (i) cost of raw materials, including tea leaves, dairy products, seasonal fruits, juices, and other raw materials used for the preparation of our freshly made tea drinks, baked goods and other products; and (ii) cost of packaging materials and consumables such as tea cups and paper bags.

Cost of materials of the Group amounted to RMB1,699.4 million, representing 32.9% of the total revenue for the Reporting Period, compared to RMB1,416.1 million, representing 33.0% of the total revenue for 2022. For the Reporting Period, our cost of materials increased by 20.0% as compared to the same period in 2022, which is generally in line with our overall business growth trend. For the Reporting Period, the proportion of cost of materials over total revenue remained generally stable as compared to the same period in 2022.

Staff costs

Staff costs consist primarily of (i) salaries, wages and other benefits; (ii) contributions to defined contribution retirement plan; (iii) equity-settled share-based payment expenses; and (iv) outsourced staff costs.

Staff costs of the Group amounted to RMB1,403.9 million, representing 27.2% of the total revenue for the Reporting Period, compared to RMB1,362.1 million, representing 31.7% of the total revenue for 2022. The proportion of staff costs over total revenue decreased, primarily due to the steady improvement in the efficiency of the Group's human resources. During the Reporting Period, staff costs classified by brands included: (i) store-level staff costs for *Nayuki* self-operated stores, which amounted to RMB954.6 million, representing 20.3% of revenue for *Nayuki* self-operated stores; (ii) staff costs for ready-to-drink beverage business, which amounted to RMB73.4 million, representing 27.5% of revenue for ready-to-drink beverage; and (iii) staff costs for headquarters and others, which amounted to RMB375.9 million, representing 7.3% of the total revenue.

Depreciation of right-of-use assets

Depreciation of right-of-use assets represents depreciation charges for the Group's leases. Depreciation of right-of-use assets is recognized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. Depreciation of right-of-use assets of the Group amounted to RMB411.6 million for the Reporting Period, representing 8.0% of the Group's total revenue during the Reporting Period (2022: RMB434.9 million, representing 10.1% of the Group's revenue for 2022). For the Reporting Period, the decrease in the Group's proportion of depreciation of right-of-use assets over total revenue was primarily due to (i) the decrease in store rental unit price as a result of the Group's improved bargaining power in respect of newly signed leases; and (ii) the leased area of the newly opened *Nayuki* stores is reduced as compared to that of *Nayuki* regular teahouses.

Other rentals and related expenses

Our other rentals and related expenses mainly include (i) variable lease payments which subject to some specified event or condition; and (ii) short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Other rentals and related expenses of the Group amounted to RMB306.3 million for the Reporting Period, representing 5.9% of the Group's total revenue during the Reporting Period (2022: RMB229.0 million, representing 5.3% of the Group's revenue for 2022). The increase in other rentals and related expenses of the Group and the increase in the proportion of that over total revenue was mainly due to the increase in the proportion of the Group's newly signed leases with variable lease payments.

Depreciation and amortization of other assets

Depreciation and amortization of other assets represent depreciation charges for property and equipment and depreciation expenses for leasehold improvements. Depreciation and amortization of other assets of the Group amounted to RMB304.4 million for the Reporting Period, representing 5.9% of the Group's total revenue during the Reporting Period (2022: RMB263.2 million, representing 6.1% of the Group's revenue for 2022). The proportion of depreciation and amortization of other assets over total revenue remained generally stable as compared to the same period in 2022.

Advertising and promotion expenses

Advertising and promotion expenses primarily represent expenses incurred in connection with marketing, branding and promotion activities of the Group. Advertising and promotion expenses of the Group amounted to RMB165.8 million for the Reporting Period, representing 3.2% of the Group's total revenue during the Reporting Period (2022: RMB142.9 million, representing 3.3% of the Group's revenue for 2022).

Delivery service fees

Delivery service fees represent fees paid by the Group to third-party delivery service providers. Delivery service fees of the Group amounted to RMB392.6 million for the Reporting Period, representing 7.6% of the Group's total revenue during the Reporting Period (2022: RMB380.5 million, representing 8.9% of the Group's revenue for 2022). The proportion of delivery service fees over total revenue decreased, primarily due to the decrease in the proportion of delivery orders from the Group's teahouses after the relaxation of control measures on COVID-19 in 2023.

Utilities expenses

Utilities expenses consist primarily of expenses in relation to electricity utilities, and to a lesser extent, gas and water utilities that are attributable to the operation of the Group's teahouses. Utilities expenses of the Group amounted to RMB143.9 million for the Reporting Period, representing 2.8% of the Group's total revenue during the Reporting Period (2022: RMB113.6 million, representing 2.6% of the Group's revenue for 2022).

Logistic and storage fees

Logistic and storage fees represent fees paid by the Group to third-party service providers for raw materials transportation and warehousing services. Logistic and storage fees of the Group amounted to RMB140.8 million for the Reporting Period, representing 2.7% of the Group's total revenue during the Reporting Period (2022: RMB123.1 million, representing 2.9% of the Group's revenue for 2022).

Finance costs

Finance costs consist primarily of interests on lease liabilities. Finance costs of the Group amounted to RMB65.9 million for the Reporting Period, representing 1.3% of the Group's total revenue during the Reporting Period (2022: RMB80.3 million, representing 1.8% of the Group's revenue for 2022). The following table sets forth the components of our finance costs for the period indicated, both in absolute amount and as a percentage of total revenue.

	For the year ended December 31,			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Interest on lease liabilities	**64,797**	**1.3**	79,182	1.8
Interest on provisions	**1,076**	**0.0**	1,144	0.0
	65,873	**1.3**	80,326	1.8

Other expenses

Other expenses consist primarily of (i) administrative expenses incurred during the ordinary course of business of the Group, such as telecommunication expenses and maintenance expenses; (ii) travelling and business development expenses incurred by employees of the Group; (iii) other-party service fees representing costs associated with other party management consulting and other professional services; (iv) impairment losses; and (v) others, such as insurance fees and other tax and surcharges. Other expenses of the Group amounted to RMB261.3 million for the Reporting Period, representing 5.1% of the Group's total revenue during the Reporting Period (2022: RMB249.6 million, representing 5.8% of the Group's revenue for 2022). The following table sets forth the components of our other expenses in absolute amounts and as percentages of total revenue for the periods indicated.

	For the year ended December 31,			
	2023		2022	
	RMB	***%***	*RMB*	*%*
	(in thousands, except percentages)			
Administrative expenses	**150,558**	**2.9**	142,016	3.3
Travelling and business development expenses	**49,785**	**1.0**	40,825	1.0
Other-party service fees	**13,626**	**0.3**	23,257	0.5
Impairment losses and write-down of inventories	**14,044**	**0.3**	18,368	0.4
Others	**33,288**	**0.6**	25,112	0.6
	261,301	**5.1**	249,578	5.8

Income Tax

The income tax benefits of the Group amounted to RMB5.1 million for the Reporting Period. The income tax benefits of the Group for the year ended December 31, 2022 amounted to RMB40.7 million.

Non-IFRS Measure

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Group also use adjusted net profit/(loss) (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. The Group believes that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of items that our management does not consider to be indicative of the Group's operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating the Group's consolidated results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net profit/(loss) (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the investors should not consider them in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

	Year Ended December 31,	
	2023	2022
	(RMB in thousands)	
Reconciliation of net profit/(loss) and adjusted net profit/(loss) (non-IFRS measure)		
Net profit/(loss) for the year	**11,166**	(475,806)
Add:		
Equity-settled share-based payment expenses [(1)]	**9,746**	14,475
Adjusted net profit/(loss) (non-IFRS measure)	**20,912**	(461,331)
Adjusted net profit/(loss) margin (non-IFRS measure)[(2)]	**0.4%**	(10.7)%

Notes:

(1) Equity-settled share-based payment expenses consist of share options and RSUs granted under the 2020 Share Incentive Plan, which are non-cash and non-operational in nature and they are not directly correlate with the Group's business performance in a given period.

(2) Calculated using adjusted net profit/(loss) (non-IFRS measure) divided by revenue in a given period.

Cash, Bank Deposits and Borrowings

As of December 31, 2023, the total cash and cash equivalents of the Group amounted to RMB444.3 million (as of December 31, 2022: RMB1,387.5 million) and the total term deposits and certificates of deposit of the Group amounted to RMB2,539.1 million (as of December 31, 2022: RMB2,088.8 million), primarily denominated in RMB, USD and HKD. As of December 31, 2023, the Group did not have any interest-bearing borrowings (as of December 31, 2022: Nil).

Right-of-Use Assets

The Group's right-of-use assets primarily represent the leases for the Group's teahouses, office at headquarters and warehouses. As of December 31, 2023, the right-of-use assets of the Group amounted to RMB1,609.2 million (as of December 31, 2022: RMB1,273.3 million). The balance of the Group's right-of-use assets is in line with the growth trend in the number of the Group's stores.

Property and Equipment

The Group's property and equipment consist primarily of leasehold improvements, office building situated on leasehold land, kitchen equipment, furniture equipment, electronic equipment and others and construction in progress. As of December 31, 2023, the property and equipment of the Group amounted to RMB1,419.2 million (as of December 31, 2022: RMB1,024.1 million). The increase in the Group's property and equipment was primarily due to the increased number of the Group's stores.

Inventories

The Group's inventories consist primarily of raw materials and packaging materials. As of December 31, 2023, the inventories of the Group amounted to RMB147.2 million (as of December 31, 2022: RMB126.3 million).

The Group's inventories turnover days decreased from 38.7 days for 2022 to 29.4 days for the Reporting Period.

Trade and Other Receivables and Prepayments

The Group's trade receivables consist primarily of receivables due from third parties in connection with the sales of products. The Group's other receivables and prepayments consist primarily of input valued-added tax recoverable in connection with purchase of raw materials, rental deposits within one year, interest receivables and prepayments to suppliers. Trade and other receivables and prepayments of the Group decreased from RMB376.5 million as of December 31, 2022 to RMB250.4 million as of December 31, 2023, which was mainly due to the fully settlement of the loan to the Investment (as defined below) upon the completion of the relevant acquisition transaction.

Trade and Other Payables

The Group's trade payables consist primarily of trade payables to the Group's raw materials suppliers. The Group also recorded other payables and accrued charges in connection with various aspects of its operations, including (i) payroll and welfare payables to employees; (ii) payables for purchase of property and equipment; (iii) accrued charges, which are mainly utilities; and (iv) others. Trade and other payables of the Group increased from RMB478.5 million as of December 31, 2022 to RMB635.8 million as of December 31, 2023, which was mainly due to the increase in the payables for raw materials procurement and the payables for property and equipment.

Gearing Ratio

As of December 31, 2023, our gearing ratio, which is calculated as total debt divided by total assets, was 36.0%, as compared with 31.3% as of December 31, 2022.

Treasury Policy

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

Liquidity and Financial Resources

Taking into account the financial resources available to the Group, including cash and cash equivalents, cash generated from operations and available facilities of the Company, and the net proceeds from the Global Offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present.

As of December 31, 2023, the Group had total cash and cash equivalents of RMB444.3 million (as of December 31, 2022: RMB1,387.5 million). In 2023, the Group mainly used cash for store operation and deposited part of idle cash into banks for term deposits and certificates of deposit (as of December 31, 2023, the total term deposits and certificates of deposit of the Group amounted to RMB2,539.1 million (as of December 31, 2022: RMB2,088.8 million)).

The current ratio as of December 31, 2023 was approximately 2.27 times (as of December 31, 2022: approximately 3.30 times).

FOREIGN CURRENCY RISK

For the Reporting Period, the Group mainly operated in China and the majority of the transactions were settled in RMB. As of December 31, 2023, apart from cash and cash equivalents and term deposits denominated in foreign currency, the Group did not have any significant foreign exchange risk in its business operations. During the Reporting Period, several forward foreign exchange contracts entered into by the Group in prior years have been fully knocked out. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

CONTINGENT LIABILITY

As of December 31, 2023, the Group did not have any significant contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures amounted to approximately RMB540.9 million for the Reporting Period, which were incurred primarily in connection with payment for purchase of equipment and leasehold improvements.

CHARGE ON ASSETS

As of December 31, 2023, the Group did not pledge any group assets.

SIGNIFICANT INVESTMENT

As of December 31, 2023, save for the "Material Acquisitions and Disposals of Subsidiaries, Associates and Affiliated Companies" in this announcement, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of December 31, 2023, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any future plan for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

References are made to the announcements of the Company dated December 5, 2022, December 19, 2022, January 6, 2023 and June 2, 2023 in relation to the Group's investment in Shanghai Chatian (the "**Investment**").

Shanghai Chatian is a company established in the PRC with limited liability and is the operator of the "LELECHA" brand. Founded in 2016, "LELECHA" is one of the leading brands in freshly-made tea industry in the PRC, focusing on offering freshly-made tea drinks and bakery goods with signature products such as Dirty Milk Tea series (髒髒茶系列) and Dirty Bakery series (髒髒包系列), which gained widespread popularity among the customers. The Directors are of the view that the Investment will further enhance the brand diversity of the Group, reduce the Group's costs in store expansion and operation, and optimize the competitive environment of the freshly-made tea industry in the PRC. After taking into account of its terms and conditions, the Directors are further of the view that the Investment is determined on normal commercial terms, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On March 1, 2023, the Group received the "Decision on No Further Examination in relation to Concentration of Business Operators and Anti-monopoly Examination"《(經營者集中反壟斷審查不實施進一步審查決定書》) issued by the State Administration for Market Regulation of the PRC (國家市場監督管理總局) with respect to the Investment. Further, on June 2, 2023 (after trading hours), all the completion conditions of the Investment have been satisfied or waived (if applicable) and the consideration of the Investment has been settled in full.

Save as mentioned above, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2023, the Group had a total of 7,199 full-time employees, among which 1,662 employees work in the Group's headquarters and regional offices, and the remaining employees are in-store staff. The Group values its employees and is committed to growing with employees. The Group has launched an employee retention initiative, under which the Group incorporates employee retention rate as one of the key criteria that used to assess its teahouse performance. The Group is also committed to establishing a competitive and fair remuneration and benefits environment for its employees. Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions. To effectively motivate the Group's business development team through remuneration incentives and ensure that our employees receive competitive remuneration packages, the Group continually refine its remuneration and incentive policies through market research and comparisons with its competitors. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are organized by municipal and provincial governments, including basic pension, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing fund.

The Group also share its success with employees by offering them a variety of incentives and financial rewards to keep them motivated. To recognize and reward, among others, the Group's employees, directors and senior management for their contributions to the Group, to attract suitable personnel and to provide incentives to them to remain with and further contribute to the Group, the Group has adopted the 2020 Share Option Plan and the 2020 Share Incentive Plan by way of resolutions of the Board on May 15, 2020.

In addition, the Group places strong emphasis on providing trainings to its employees in order to enhance their professional skills, understanding of industry and work place safety standards, and appreciation of the Group's value, especially the Group's unwavering commitment to food safety and product quality as well as satisfying customer services. The Group designs and offers different training programs for employees at various positions. For example, the Group requires every newly recruited employee at operational functions to attend a one-month in-store training as the Group strives for consistency and high quality of its product delivery and customer services. In addition, the Group pairs its new in-store staff with seniors, who are responsible for guiding them through the probation period. The Group have also established a vanguard program to foster and maintain a local talent pool and offer a promotion path for excellent employees to become future teahouse managers.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange on June 30, 2021. The net proceeds raised from the Company's global offering (the "**Global Offering**"), after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK$4,842.4 million. As of December 31, 2023, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of proceeds" in the Prospectus. The net proceeds received by the Company from the Global Offering will be used for the following purposes:

- approximately 70.0%, or HK$3,389.8 million, will be used over the next three years to expand the Group's teahouse network and deepen the Group's market penetration;

- approximately 10.0%, or HK$484.2 million, will be used over the next three years to further improve the Group's overall operations through enhancing technology capabilities, with a goal to improve operational efficiency;

- approximately 10.0%, or HK$484.2 million, will be used over the next three years to strengthen the Group's supply chain and product distribution capabilities, with a goal to support our expanding scale; and

- the remaining approximately 10.0%, or HK$484.2 million, will be used for working capital and general corporate purposes.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2023:

Purpose	Percentage to total amount	Net proceeds incurred from the Global Offering	Actual use of proceeds up to December 31, 2023	Unutilized amount as of December 31, 2023	Expected timeline of full utilization of the remaining proceeds
		HK$ (million)	*HK$ (million)*	*HK$ (million)*	
Expand the Group's teahouse network and deepen the Group's market penetration	70.0%	3,389.8	1,871.8	1,518.0	June 2024
Further improve the Group's overall operations	10.0%	484.2	412.5	71.7	June 2024
Strengthen the Group's supply chain and product distribution capabilities	10.0%	484.2	399.9	84.3	June 2024
Fund the Group's working capital and general corporate purposes	10.0%	484.2	303.7	180.5	June 2024
Total	100.0%	4,842.4	2,987.9	1,854.5	

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There has been no important events subsequent to the Reporting Period and up to the date of this announcement, which would affect the Group's business operations in material aspects.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2023

(Expressed in Renminbi)

	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*3*	**5,164,056**	4,291,586
Other income	*4*	**186,490**	124,950
Cost of materials		**(1,699,442)**	(1,416,094)
Staff costs	*5(b)*	**(1,403,868)**	(1,362,115)
Depreciation of right-of-use assets	*5(d)*	**(411,588)**	(434,930)
Other rentals and related expenses	*5(d)*	**(306,258)**	(228,962)
Depreciation and amortization of other assets	*5(d)*	**(304,439)**	(263,183)
Advertising and promotion expenses		**(165,804)**	(142,933)
Delivery service fees		**(392,638)**	(380,520)
Utilities expenses		**(143,899)**	(113,556)
Logistic and storage fees		**(140,833)**	(123,112)
Other expenses	*5(c)*	**(261,301)**	(249,578)
Other net losses	*5(e)*	**(45,912)**	(130,865)
Finance costs	*5(a)*	**(65,873)**	(80,326)
Share of losses of associates	*8*	**(38,722)**	(1,288)
Fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")		**36,141**	(2,603)
Fair value changes of financial liabilities at FVTPL		**–**	(2,989)
Profit/(loss) before taxation	*5*	**6,110**	(516,518)
Income tax	*6(a)*	**5,056**	40,712
Profit/(loss) for the year		**11,166**	(475,806)
Attributable to:			
Equity shareholders of the Company		**13,224**	(469,327)
Non-controlling interests		**(2,058)**	(6,479)
Profit/(loss) for the year		**11,166**	(475,806)
Earnings/(loss) per share			
Basic and diluted (RMB)	*7*	**0.01**	(0.27)

There are no dividends payable to equity shareholders of the Company attributable to the profit for the year as set out in note 16(d).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023
(Expressed in Renminbi)

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) for the year	**11,166**	(475,806)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Currency translation differences	**29,645**	281,025
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	**631**	1,110
Total comprehensive income for the year	**41,442**	(193,671)
Attributable to:		
Equity shareholders of the Company	**43,500**	(187,192)
Non-controlling interests	**(2,058)**	(6,479)
Total comprehensive income for the year	**41,442**	(193,671)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

(Expressed in Renminbi)

	Note	**December 31, 2023** *RMB'000*	December 31, 2022 *RMB'000*
Non-current assets			
Property and equipment		**1,419,221**	1,024,087
Right-of-use assets		**1,609,188**	1,273,285
Intangible assets		**124**	290
Interests in associates	*8*	**537,574**	24,292
Deferred tax assets		**88,046**	81,464
Rental deposits		**160,196**	163,930
Term deposits	*14*	**56,662**	–
Other non-current assets	*9*	**607,283**	402,673
		4,478,294	2,970,021
Current assets			
Financial assets at FVTPL	*10*	**147,675**	159,597
Inventories	*11*	**147,208**	126,284
Trade and other receivables	*12*	**183,227**	284,901
Prepayments	*12*	**67,135**	91,561
Restricted bank deposits	*13*	**–**	995
Cash and cash equivalents	*13*	**444,346**	1,387,495
Term deposits	*14*	**2,072,479**	1,818,846
Other current assets	*9*	**–**	100,000
		3,062,070	3,969,679
Current liabilities			
Trade and other payables	*15*	**635,762**	478,514
Contract liabilities		**257,803**	217,667
Financial liabilities at FVTPL		**–**	3,121
Lease liabilities		**428,842**	472,805
Provisions		**421**	1,282
Current taxation		**28,218**	29,180
		1,351,046	1,202,569
Net current assets		**1,711,024**	2,767,110
Total assets less current liabilities		**6,189,318**	5,737,131

	Note	December 31, 2023 RMB'000	December 31, 2022 RMB'000
Non-current liabilities			
Lease liabilities		**1,341,646**	949,493
Provisions		**23,320**	20,634
Deferred tax liabilities		**2,580**	1,420
		1,367,546	971,547
NET ASSETS		**4,821,772**	4,765,584
CAPITAL AND RESERVES			
Share capital	*16*	**558**	558
Reserves		**4,824,419**	4,771,173
Total equity attributable to equity shareholders of the Company		**4,824,977**	4,771,731
Non-controlling interests		**(3,205)**	(6,147)
TOTAL EQUITY		**4,821,772**	4,765,584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Nayuki Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on September 5, 2019 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation. The Company and its subsidiaries (together as "the **Group**") are principally engaged in the sales of freshly-made tea drinks, baked goods and other products and services in the People's Republic of China (the "**PRC**").

2 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 ("**IASs**") 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. 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 2(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 presentation of the financial statements

The consolidated financial statements for the year ended December 31, 2023 comprise 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 earnings or loss per share information.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– Financial assets at FVTPL; and

– Financial liabilities at FVTPL;

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 recognized 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 Group has applied the following new and amended IFRSs issued by the IASB to these financial statements for the current accounting period:

- 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*

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

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

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized 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 recognized 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, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group principally generates its revenue from (i) the sales of freshly-made tea drinks, baked goods and other products and services through its operating teahouses, online food delivery applications and franchisees; and (ii) the sales of ready-to-drink beverage. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and timing of revenue recognition is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
– Sales of freshly-made tea drinks	**3,776,943**	3,135,326
– Sales of ready-to-drink beverage	**266,619**	157,031
– Sales of baked goods and other revenue	**1,120,494**	999,229
	5,164,056	4,291,586

During the year ended December 31, 2023, the Group did not have any customer with which transactions have exceeded 10% of the Group's total revenue (2022: nil).

(ii) Performance obligation and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

(iii) Revenue expected to be recognized in the future arising from contracts in existence as at the end of the reporting period

Contracts within the scope of IFRS 15

As at December 31, 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB7,844,000 (2022: RMB9,617,000). This amount represents revenue expected to be recognized in the future when the Group satisfies the remaining performance obligations which is expected to occur over the next 1 to 12 months (2022: 1 to 12 months).

(b) Segment reporting

The Group manages its businesses by business lines. In view of the increased scale and business activities of ready-to-drink beverage business, and to help investors better understand the Group's revenue structure and margin trends, a new segment named "Ready-to-drink beverage business" has been separated since 2023, both in the internal reports to the most senior executive management and in the consolidated financial statements of the Group. The comparative figures have been restated to conform with the new presentation. The Board believes that the above changes in segment information better reflect current market trends, as well as resource allocation and future business development of the Group.

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 identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Freshly-made tea drinks business and franchise operations: this segment mainly offers freshly-made tea drinks, baked goods and other products and services through operating teahouses, online food delivery applications and franchisees.
- Ready-to-drink beverage business: this segment mainly offers ready-to-drink beverage through distribution network.

(i) Segment results

The Group's most senior executive management assess the performance of the operating segments mainly based on segment revenue and operating profit of each operating segment. Logistic and storage fees and other expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the Group's most senior executive management as a basis for the purpose of resource allocation and performance assessment. Other income, other net losses, finance costs, share of losses of associates, fair value changes of financial assets at FVTPL and fair value changes of financial liabilities at FVTPL are not allocated to individual operating segment.

The revenues from external customers reported to the Group's most senior executive management are measured in a manner consistent with that applied in the consolidated statement of profit or loss.

Other information, together with the segment information, provided to the Group's most senior executive management, is measured in a manner consistent with that applied in these consolidated financial statements. There was no segment assets or segment liabilities information provided to the Group's most senior executive management.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as 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 December 31, 2023 and 2022 is set out below.

	Freshly-made tea drinks business and franchise operations		**Ready-to-drink beverage business**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition						
– Point in time	**4,884,244**	4,126,027	**266,619**	157,031	**5,150,863**	4,283,058
– Over time	**13,193**	8,528	**–**	–	**13,193**	8,528
Reportable segment revenues	**4,897,437**	4,134,555	**266,619**	157,031	**5,164,056**	4,291,586
Reportable segment operating profit/(loss)	**794,843**	447,090	**(10,365)**	(40,274)	**784,478**	406,816

(ii) Reconciliations of reportable segment profit or loss

	2023	2022
	RMB'000	*RMB'000*
Reportable segment operating profit	**784,478**	406,816
Other income	**186,490**	124,950
Logistic and storage fees	**(140,833)**	(123,112)
Other expenses	**(261,301)**	(249,578)
Other net losses	**(45,912)**	(130,865)
Finance costs	**(65,873)**	(80,326)
Share of losses of associates	**(38,722)**	(1,288)
Fair value changes of financial assets at FVTPL	**36,141**	(2,603)
Fair value changes of financial liabilities at FVTPL	**–**	(2,989)
Unallocated head office and corporate expenses	**(448,358)**	457,523
Consolidated profit/(loss) before taxation	**6,110**	(516,518)

(iii) Geographic information

As substantially all of the Group's operations and assets are in the PRC, no geographic information is presented.

4 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income on:		
– bank deposits	**14,223**	26,492
– term deposits	**112,063**	26,905
– rental deposits	**5,994**	6,820
– other financial assets	**–**	4,996
Government grants *(note (i))*	**35,333**	49,561
Additional deduction of input VAT *(note (ii))*	**18,877**	10,176
	186,490	124,950

Notes:

(i) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC. During the year, government grants received by certain subsidiaries were mainly related to foreign investment incentives.

(ii) The amount represented 10% additional deduction of input VAT in consumer service industry upon satisfaction of certain applicable regulatory criteria pursuant to the current tax policies in the PRC.

5 PROFIT/(LOSS) BEFORE TAXATION

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

		2023	2022
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interest on lease liabilities	**64,797**	79,182
	Interest on provisions	**1,076**	1,144
		65,873	80,326

		2023	2022
		RMB'000	*RMB'000*
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**915,618**	975,443
	Contributions to defined contribution retirement plan *(note(i))*	**64,057**	83,117
	Equity-settled share-based payment expenses	**9,746**	14,475
		989,421	1,073,035
	Outsourced staff costs	**414,447**	289,080
		1,403,868	1,362,115

Note:

(i) Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

		2023	2022
		RMB'000	*RMB'000*
(c)	**Other expenses**		
	Administrative expenses	**150,558**	142,016
	Travelling and business development expenses	**49,785**	40,825
	Other-party service fees	**13,626**	23,257
	Impairment losses		
	– property and equipment	**8,811**	10,467
	– right-of-use assets	**4,488**	6,424
	Write-down of inventories *(note 11(b))*	**745**	1,477
	Commissions	**13,191**	7,730
	Bank charge	**6,838**	5,983
	Auditors' remuneration		
	– audit services	**2,200**	2,200
	– interim review	**700**	700
	– other non-audit services	**–**	38
	Others	**10,359**	8,461
		261,301	249,578

		2023	2022
		RMB'000	*RMB'000*
(d)	**Other items**		
	Amortization cost of intangible assets	**165**	167
	Depreciation		
	– property and equipment	**304,274**	263,016
	– right-of-use assets	**411,588**	434,930
		715,862	697,946
	Other rentals and related expenses	**306,258**	228,962
	Cost of inventories *(note (i), 11(b))*	**1,699,442**	1,416,094

Note:

(i) Cost of inventories mainly represented raw materials and consumables consumed during the sales of freshly-made tea drinks, baked goods and other products.

		2023	2022
		RMB'000	*RMB'000*
(e)	**Other net losses**		
	Loss on disposal of non-current assets	**44,077**	48,053
	Loss on stores closures	**6,020**	9,671
	Net gain on reassessment of right-of-use assets and lease liabilities	**(9,162)**	(13,469)
	(Gain)/loss on forward foreign exchange contracts	**(6,466)**	60,917
	Loss on foreign currency exchange	**5,983**	17,870
	Others	**5,460**	7,823
		45,912	130,865

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**366**	121
Deferred tax		
Reversal of temporary differences	**(5,422)**	(40,833)
	(5,056)	(40,712)

(b) Reconciliation between tax credit and accounting profit/(loss) at applicable tax rates:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**6,110**	(516,518)
Calculated at the rates applicable to profit/loss in the jurisdictions concerned	**(19,951)**	(127,048)
Effect of preferential income tax rates of certain subsidiaries	**(6,643)**	(387)
Additional deduction for qualified research and development costs	**(4,893)**	(7,456)
Tax effect of non-deductible expenses	**5,987**	6,340
Tax effect of unused tax losses and deductible temporary differences not recognized	**36,923**	69,591
Tax effect of utilization of tax losses and deductible temporary differences not recognized in previous years	**(6,825)**	(1,213)
Recognize the effect of tax losses and deductible temporary differences for which deferred tax asset was not recognized in previous years	**(29,243)**	(638)
Reversal of previously recognized deductible temporary differences	**19,589**	20,099
Actual tax credit	**(5,056)**	(40,712)

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 provision for Hong Kong Profits Tax is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first Hong Kong Dollars ("**HKD**") 2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000. The Group's subsidiaries in Hong Kong did not have any assessable profits for the year ended December 31, 2023 (2022: nil).

(iii) Taxable income for the Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the year ended December 31, 2023 (2022: 25%), unless otherwise specified below.

Certain subsidiaries fulfilled 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 for the year ended December 31, 2023 (2022: 2.5% and 5% for the first RMB1,000,000 and the subsequent RMB1,000,000 to RMB3,000,000, respectively).

(iv) The subsidiaries in the United States of America and Japan of the Group did not have any assessable profits for the year ended December 31, 2023 (2022: nil).

(v) Under the competent Thailand tax laws and regulations, the subsidiary incorporated in Thailand is subject to a tax rate of 20% on its assessable income.

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of RMB13,224,000 (2022: loss of RMB469,327,000) and the weighted average of 1,715,126,147 ordinary shares (2022: 1,715,126,147 ordinary shares) calculated as follows:

	2023	2022
	Number of shares	*Number of shares*
Issued shares at January 1,	**1,715,126,147**	1,715,126,147
Weighted average number of ordinary shares at December 31,	**1,715,126,147**	1,715,126,147

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

There were no diluted potential ordinary shares for the years ended December 31, 2023 and 2022. Accordingly, diluted earnings/(loss) per share for the years ended December 31, 2023 and 2022 are same as basic earnings/(loss) per share.

8 INTERESTS IN ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation and business	Registered share capital	Proportion of ownership interest Group's effective interest	Held by a subsidiary	Principal activity
Shanghai Chatian Catering Management Co., Ltd. (上海茶田餐飲管理有限公司, "**Shanghai Chatian**") *(notes (i)(ii)(iii))*	The PRC	RMB57,797,321	43.64%	43.64%	Sales of freshly-made tea drinks, baked goods and other products
Shanghai Ultimate Food Co., Ltd. (上海澳帝美食品有限公司) *(note (i)(iii))*	The PRC	RMB2,545,000	21.4%	21.4%	Sales of coffee and other products
Shanghai Jiu Wen Qian Food & Beverage Management Co., Ltd. (上海九文錢餐飲管理有限公司) *(note (i)(iii))*	The PRC	RMB1,248,447	19.9%	19.9%	Sales of fresh fruit teas and other products
Shenzhen Xing Fu Kai Brand Management Co., Ltd. (深圳市幸福開品牌管理有限公司) *(note (i)(iii))*	The PRC	RMB1,661,723	10.62%	10.62%	Sales of coffee and other products

Notes:

(i) The official name of these entities are in Chinese. The English translation of the name is for identification only.

(ii) During the year ended December 31, 2023, through acquired interest in Lelecha Group Inc., a Cayman Islands registered company, the Group had an effective interest of 43.64% in Shanghai Chatian.

(iii) Based on the investment agreement, the Group has the right to appoint certain number of the board members which allow the Group to exercise significant influence over the investees' operational and financial directions.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associates that are not individually material:

	2023 ***RMB'000***	2022 *RMB'000*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**537,574**	24,292
Aggregate amounts of the Group's share of those associates - Loss for the year and total comprehensive income	**(38,722)**	(1,288)

9 OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

	2023	2022
	RMB'000	*RMB'000*
Current		
Certificates of deposit	**–**	100,000
Non-current		
Certificates of deposit	**410,000**	170,000
Prepayments for purchase of property	**–**	204,115
Prepayments for purchase of equipment	**21,702**	26,892
Others *(note (i))*	**175,581**	1,666
	607,283	402,673

Note:

(i) Others mainly represented input valued-added tax recoverable that are expected to be realized or refunded over a period of 12 months or longer.

10 FINANCIAL ASSETS AT FVTPL

	2023	2022
	RMB'000	*RMB'000*
Listed equity investment *(note(i))*	**130,833**	43,200
Unlisted equity investment	**16,738**	6,000
Wealth management products *(note (ii))*	**104**	110,397
	147,675	159,597

Notes:

(i) During the year ended December 31, 2023, the Group newly invested in a company listed on the Main Board of the Stock Exchange. Fair value of these listed equity investment is measured by referencing to the stock price.

(ii) Wealth management products, including wealth management products and structured deposits, are issued by financial institutions and banks in mainland China with a floating return which will be paid together with the principal unsecured with the maturity date within 1 year.

11 INVENTORIES

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

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**98,145**	72,976
Bottled drinks	**3,533**	3,193
Packaging supplies and others	**45,530**	50,115
	147,208	126,284

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

	2023	2022
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**1,699,442**	1,416,094
Write-down of inventories	**745**	1,477
	1,700,187	1,417,571

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**17,374**	3,178
Input valued-added tax recoverable	**53,536**	158,805
Income tax recoverable	**1,101**	1,770
Amount due from a related party	**18**	13
Loan to an ongoing investment *(note (i))*	**–**	50,000
Interest receivables	**51,156**	28,694
Rental deposits	**57,429**	33,618
Other receivables	**2,613**	8,823
	183,227	284,901
Prepayments	**67,135**	91,561

The Company

	2023	2022
	RMB'000	*RMB'000*
Other receivables		
– interest receivables	**48,567**	21,008
	48,567	21,008

Note:

(i) During the year ended December 31, 2022, pursuant to a working capital loan agreement entered between one of the Company's subsidiary and Shanghai Chatian, which operates the "LELECHA" brand, the Company's subsidiary has provided a loan of RMB50,000,000 to enhance the short-term liquidity of Shanghai Chatian. The loan is unsecured, interest-free and repayable within 180 days. The loan had been fully received upon the completion of the acquisition transaction during the year ended December 31, 2023.

All of the current portion of trade and other receivables are expected to be recovered or recognized as expense within one year.

Ageing analysis

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**7,884**	1,233
1 to 3 months	**9,290**	1,845
3 to 6 months	**104**	100
Over 6 months	**96**	–
	17,374	3,178

Trade receivables are due within 30 to 90 days from the date of billing.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2023	2022
	RMB'000	*RMB'000*
Cash at bank and on hand	**2,954,494**	3,450,394
Deposit on online payment platform *(note (ii))*	**28,993**	26,942
Less: restricted bank deposits *(note (iii))*	**–**	(995)
Less: term deposits – current *(note 14)*	**(2,072,479)**	(1,818,846)
Less: term deposits – non-current *(note 14)*	**(56,662)**	–
Less: certificates of deposit – current *(note 9)*	**–**	(100,000)
Less: certificates of deposit – non-current *(note 9)*	**(410,000)**	(170,000)
Cash and cash equivalents	**444,346**	1,387,495

Cash and cash equivalents presented in RMB are denominated in:

	2023	2022
	RMB'000	*RMB'000*
RMB	**406,376**	719,504
USD	**31,287**	593,760
HKD	**5,811**	73,794
Japanese Yen	**344**	437
Thai Baht	**528**	–
	444,346	1,387,495

Notes:

(i) As at December 31, 2023, cash and cash equivalents placed with banks in mainland China amounted to RMB366,794,000 (2022: RMB785,359,000). Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control.

(ii) As at December 31, 2023, the Group had cash held in accounts managed by online payment platforms such as Wechat Pay and Alipay.

(iii) As at December 31, 2023, the Group had no restricted bank deposit (2022: RMB995,000 restricted for litigations).

14 TERM DEPOSITS

Term deposits presented in RMB are denominated in:

	2023	2022
	RMB'000	*RMB'000*
Current		
RMB	**200,500**	–
HKD	**16,312**	1,616,873
USD	**1,855,667**	201,973
	2,072,479	1,818,846
Non-current		
USD	**56,662**	–

Term Deposits are placed in reputable commercial banks with initial maturity terms of over three months.

15 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**274,969**	169,875
Other payables and accrued charges	**355,159**	307,482
Amounts due to a related party	**5,634**	1,157
	635,762	478,514

All trade and other payables (including amounts due to a related party) are expected to be settled or recognized 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**274,665**	168,648
More than 1 year	**304**	1,227
	274,969	169,875

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of Shares	Nominal Value *RMB'000*
Ordinary shares, issued and fully paid:		
At January 1, 2022, December 31, 2022, January 1, 2023 and December 31, 2023	**1,715,126,147**	558

As at December 31, 2023 and 2022, the authorized share capital of the Company comprised 5,000,000,000 ordinary shares with par value of USD0.00005 per share.

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.

Subsequent to the reporting period, the Group repurchased 3,509,500 of its own shares from the market, out of which, all the repurchased shares had not been cancelled as at the date of this report. The shares were repurchased at prices ranging from HKD2.64 to HKD3.07 per share, with a total consideration of HKD10,333,000 (equivalent to RMB 9,420,000).

(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*	**Share-based payments reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
Balance at January 1, 2023		558	9,842,268	29,533	431,811	(4,546,316)	5,757,854
Changes in equity for the year ended December 31, 2023:							
Profit for the year		–	–	–	–	122,083	122,083
Other comprehensive income		–	–	–	96,887	–	96,887
Total comprehensive income		–	–	–	96,887	122,083	218,970
Equity-settled share-based transactions		–	–	9,746	–	–	9,746
RSUs vested		–	8,323	(8,323)	–	–	–
Share option exercised		–	5,305	(5,305)	–	–	–
Balance at December 31, 2023 *(note (i))*		558	9,855,896	25,651	528,698	(4,424,233)	5,986,570
Balance at January 1, 2022		558	9,826,225	31,101	(52,927)	(4,517,173)	5,287,784
Changes in equity for the year ended December 31, 2022:							
Loss for the year		–	–	–	–	(29,143)	(29,143)
Other comprehensive income		–	–	–	484,738	–	484,738
Total comprehensive income		–	–	–	484,738	(29,143)	455,595
Equity-settled share-based transactions		–	–	14,475	–	–	14,475
RSUs vested		–	8,054	(8,054)	–	–	–
Share option exercised		–	7,989	(7,989)	–	–	–
Balance at December 31, 2022 *(note (i))*		558	9,842,268	29,533	431,811	(4,546,316)	5,757,854

Note:

(i) Under the Companies Law (Revised) of the Cayman Islands, the funds in the reserve account of the Company are distributable to the 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.

(c) Nature and purposes of reserves

(i) Share premium

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

(ii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share options and RSUs granted to the directors and employees of the Group.

For shares granted, the equity amount is transferred from share-based payment reserve to share premium.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements for operations outside of mainland China.

(d) Dividends

No dividends have been declared or paid by the Company during the year ended December 31, 2023 (2022: nil).

No final dividends were proposed after the end of reporting period (2022: nil).

(e) 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 monitors its capital structure on the basis of debt-to-asset ratio. This ratio is calculated as total liabilities divided by total assets. The Group's debt-to-asset ratio as at December 31, 2023 was 36.0% (2022: 31.3%).

Neither the Company nor its subsidiaries are subject to internally or externally imposed capital requirements.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules. During the Reporting Period, the Company has complied with all applicable code provisions as set out in the CG Code save for the deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhao Lin is currently the Chairman and Chief Executive Officer.

Mr. Zhao has served as a director of Shenzhen Pindao Management from February 2017 to October 2020 and a Director of our Company since June 2020. He is the founder of our Group and has extensive experience in the business operations and management of our Group. Our Directors believe that it is beneficial to the business operations and management of the Group that Mr. Zhao serves as both the Chairman and the Chief Executive Officer. This structure will enable our Company to make and implement decisions promptly and effectively. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors.

Following the resignation of Mr. Chen Qunsheng as an independent non-executive Director, a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee with effect from April 30, 2023, the Company only had two independent non-executive Directors. The number of independent non-executive Directors was less than the requirements under Rules 3.10(1) and 3.10A of the Listing Rules, and the composition of the Audit Committee, Remuneration Committee and Nomination Committee did not comply with the requirements under Rules 3.21, 3.25 and 3.27A of the Listing Rules.

Mr. Xie Yongming has been appointed as an independent non-executive Director, a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee with effect from July 28, 2023. Following the appointment of Mr. Xie as an independent non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee, the Company has fully complied with the requirements under Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Zhang Rui (Chairperson), Mr. Liu Yiwei and Mr. Xie Yongming. Ms. Zhang Rui, with appropriate accounting and financial management expertise, has been appointed as the chairperson of the Audit Committee. The primary duties of the Audit Committee are to review financial information of the Company and oversee the Company's financial reporting system and internal control procedures. 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. The Audit Committee considered that the consolidated results of the Group for the year ended December 31, 2023 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

FINAL DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended December 31, 2023 (2022: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, June 28, 2024, the register of members of the Company will be closed from Tuesday, June 25, 2024 to Friday, June 28, 2024 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the AGM, all share certificates with completed transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, June 24, 2024.

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 this Results Announcement have been compared by KPMG to the amounts set out in the Group's audited consolidated financial statements for the year. The Company's Auditor made no comments as to the reasonableness or appropriateness of those assumptions of the "adjusted net profit/(loss)" as presented in this Results Announcement. The work performed by KPMG in this respect did not constitute an 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 KPMG on this Results Announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Results Announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.naixuecha.com.

The Company's annual report for the year ended December 31, 2023 containing all the information required by the Listing Rules will be published on the respective websites of the Company at www.naixuecha.com and the Stock Exchanges at www.hkexnews.hk in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"2020 Share Incentive Plan"	the share incentive plan of the Company approved and adopted on May 15, 2020
"2020 Share Option Plan"	the share option plan of the Company approved and adopted on May 15, 2020
"AGM"	the forthcoming annual general meeting of the Company proposed to be held on Friday, June 28, 2024
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of our Company
"Company"	Nayuki Holdings Limited (奈雪的茶控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on September 5, 2019, whose Shares are listed and traded on the Stock Exchange
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, means Mr. Zhao Lin, Ms. Peng Xin, Linxin Group, Linxin International, Linxin Holdings and Crystal Tide Profits Limited

"Director(s)"	member(s) of the board of directors of the Company, including all executive, non-executive and independent non-executive directors
"Group," "our Group," "we" or "us"	the Company and our subsidiaries (or the Company and any one or more of our subsidiaries, as the context may require)
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Linxin Group"	Linxin Group Limited, a company incorporated in the BVI on December 29, 2020, one of our Controlling Shareholders
"Linxin Holdings"	Linxin Holdings Limited (林心控股有限公司), a company incorporated in the BVI on September 5, 2019, one of our Controlling Shareholders
"Linxin International"	Linxin International Limited, a company incorporated in the BVI on December 29, 2020, one of our Controlling Shareholders
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated June 18, 2021
"PRC" or "China" or the "People's Republic of China"	the People's Republic of China and, except where the context otherwise requires, references in this announcement to the PRC or China do not apply to Hong Kong SAR, Macau SAR or Taiwan Province

"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2023
"Shanghai Chatian"	Shanghai Chatian Catering Management Co., Ltd.* (上海茶田餐飲管理有限公司), a company with limited liability established and existing under the laws of the PRC
"Share(s)"	share(s) of the Company of nominal value of US$0.00005 each
"Shareholder(s)"	holder(s) of the Shares
"Shenzhen Pindao Management"	Shenzhen Pindao Food & Beverage Management Co., Ltd.* (深圳市品道餐飲管理有限公司), a company incorporated in the PRC on May 12, 2014 and a wholly owned subsidiary of our Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency for the time being of the United States
"%"	per cent

By order of the Board
Nayuki Holdings Limited
ZHAO Lin
Chairman

Shenzhen, the PRC, March 27, 2024

As at the date of this announcement, the Board of the Company comprises Mr. ZHAO Lin, Ms. PENG Xin and Mr. DENG Bin as executive directors; Mr. WEI Guoxing and Mr. WONG Tak-wai as non-executive directors; and Mr. LIU Yiwei, Ms. ZHANG Rui and Mr. XIE Yongming as independent non-executive directors.

* *For identification purpose only*