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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GREEN TEA GROUP LIMITED, CITIGROUP GLOBAL MARKETS ASIA LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Green Tea Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-64, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-64 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 8 May 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 27(d) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

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Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
8 May 2025

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Hangzhou Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	**2022** *RMB'000*	**2023** *RMB'000*	**2024** *RMB'000*
Revenue	*4*	2,375,453	3,589,178	3,838,202
Other revenue	*5*	31,081	39,195	31,957
Raw materials and consumables used		(862,316)	(1,205,219)	(1,192,902)
Staff costs	*6(b)*	(626,397)	(911,028)	(989,008)
Depreciation of right-of-use assets		(161,048)	(177,036)	(202,868)
Other rentals and related expenses		(56,611)	(80,294)	(76,064)
Depreciation and amortisation of other assets		(163,641)	(192,947)	(217,875)
Utilities expenses		(90,049)	(123,562)	(141,251)
Delivery service expenses		(61,187)	(82,788)	(120,972)
Other expenses	*6(c)*	(308,980)	(420,950)	(467,408)
Other net income/(losses)	*6(d)*	8,413	(3,919)	2,153
Finance costs	*6(a)*	(41,541)	(42,657)	(45,309)
Profit before taxation	*6*	43,177	387,973	418,655
Income tax	*7*	(26,598)	(92,430)	(68,488)
Profit for the year		16,579	295,543	350,167
Attributable to:				
Equity shareholders of the Company		16,579	295,543	350,167
Non-controlling interests		–	–	–*
Earnings per share				
Basic earnings per share (RMB)	*10(a)*	0.03	0.55	0.66
Diluted earnings per share (RMB)	*10(b)*	0.03	0.55	0.65

* The amount represents amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	**2022** *RMB'000*	**2023** *RMB'000*	**2024** *RMB'000*
Profit for the year		16,579	295,543	350,167
Other comprehensive income for the year				
Items that may not be reclassified to profit or loss:				
Exchange differences on translation of financial statements of the Company		2,423	477	410
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of overseas subsidiaries		(1,841)	(366)	198
Total comprehensive income for the year		17,161	295,654	350,775
Attributable to:				
Equity shareholders of the Company		17,161	295,654	350,775
Non-controlling interests		–	–	–*
Total comprehensive income for the year		17,161	295,654	350,775

* The amount represents amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Renminbi)

	Note	At 31 December 2022 RMB'000	At 31 December 2023 RMB'000	At 31 December 2024 RMB'000
Non-current assets				
Property, plant and equipment	11(a)	518,851	648,973	724,765
Right-of-use assets	11(b)	754,525	822,055	966,954
Intangible assets	12	1,751	2,138	3,055
Deferred tax assets	24(c)	36,876	45,095	44,258
Rental deposits		27,470	25,287	39,038
Other non-current assets	25	286	407	13,213
		1,339,759	1,543,955	1,791,283
Current assets				
Inventories	14	56,395	59,576	67,227
Trade and other receivables	15	240,230	314,500	332,266
Income tax prepayments	24(a)	2,887	1,492	1,395
Financial assets at fair value through profit or loss ("FVPL")	28(e)	40,000	120,192	25,022
Restricted deposits	23	–	25,000	–
Cash and cash equivalents	16(a)	134,410	356,289	247,152
		473,922	877,049	673,062
Current liabilities				
Trade and other payables	17	331,862	493,335	462,339
Dividend payable	27(d)	–	350,028	–
Contract liabilities	18	5,480	6,847	8,021
Current portion of long-term payables	20	6,148	7,593	–
Lease liabilities	19	181,859	214,345	256,728
Bank loans	23	31,000	50,100	–
Current taxation	24(a)	5,831	55,442	10,916
		562,180	1,177,690	738,004
Net current liabilities		(88,258)	(300,641)	(64,942)
Total assets less current liabilities		1,251,501	1,243,314	1,726,341
Non-current liabilities				
Lease liabilities	19	605,933	659,207	846,212
Long-term payables	20	79,283	76,685	–
Provisions	21	35,040	43,116	51,620
Deferred lease incentives	22	15,504	12,769	12,823
Deferred tax liabilities	24(c)	47,700	37,026	44,553
		783,460	828,803	955,208
NET ASSETS		468,041	414,511	771,133
CAPITAL AND RESERVES				
Share capital	27(a)	76	76	76
Reserves		467,965	414,435	770,657
Total equity attributable to equity shareholders of the Company		–	–	770,733
Non-controlling interests		–	–	400
TOTAL EQUITY		468,041	414,511	771,133

The accompanying notes form part of the Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	At 31 December 2022 RMB'000	At 31 December 2023 RMB'000	At 31 December 2024 RMB'000
Non-current assets				
Interests in subsidiaries	*13*	80,912	82,234	136,675
Current assets				
Cash and cash equivalents		308	5,223	22,180
Other receivables	*15*	8,194	403,780	14,082
		8,502	409,003	36,262
Current liabilities				
Other payables	*17*	34,072	49,589	83,010
Dividend payable	*27(d)*	–	350,028	–
		34,072	399,617	83,010
NET CURRENT (LIABILITIES)/ ASSETS		(25,570)	9,386	(46,748)
NET ASSETS		55,342	91,620	89,927
CAPITAL AND RESERVES	*27(b)*			
Share capital		76	76	76
Reserves		55,266	91,544	89,851
TOTAL EQUITY		55,342	91,620	89,927

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Note	Share capital	Share premium	Share-based payments reserve	Exchange reserve	Statutory surplus reserve	Shares held for RSU schemes	Retained profits	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		27(a)	*27(c)(i)*	*27(c)(ii)*	*27(c)(iii)*	*27(c)(iv)*	*27(c)(v)*		
Balance at 1 January 2022		76	45,250	53,513	(1,652)	14,091	(4)	340,385	451,659
Changes in equity for 2022:									
Profit for the year		-	-	-	-	-	-	16,579	16,579
Other comprehensive income		-	-	-	582	-	-	-	582
Total comprehensive income		-	-	-	582	-	-	16,579	17,161
Appropriation to statutory reserve		-	-	-	-	8,092	-	(8,092)	-
RSU schemes:									
– Equity settled share-based transactions	*27(c)*	-	-	(779)	-	-	-	-	(779)
Balance at 31 December 2022		76	45,250	52,734	(1,070)	22,183	(4)	348,872	468,041
Balance at 1 January 2023		76	45,250	52,734	(1,070)	22,183	(4)	348,872	468,041
Changes in equity for 2023:									
Profit for the year		-	-	-	-	-	-	295,543	295,543
Other comprehensive income		-	-	-	111	-	-	-	111
Total comprehensive income		-	-	-	111	-	-	295,543	295,654
Appropriation to statutory reserve		-	-	-	-	19,284	-	(19,284)	-
RSU schemes:									
– Equity settled share-based transactions	*27(c)*	-	-	844	-	-	-	-	844
Dividends declared	*27(d)*	-	(45,250)	-	-	-	-	(304,778)	(350,028)
Balance at 31 December 2023		76	-	53,578	(959)	41,467	(4)	320,353	414,511

The accompanying notes form part of the Historical Financial Information.

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	Note	Share capital RMB'000 27(a)	Share premium RMB'000 27(c)(i)	Share-based payments reserve RMB'000 27(c)(ii)	Exchange reserve RMB'000 27(c)(iii)	Statutory surplus reserve RMB'000 27(c)(iv)	Share held for RSU schemes RMB'000 27(c)(v)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company									
Balance at 1 January 2024		76	-	53,578	(959)	41,467	(4)	320,353	414,511	-	414,511
Changes in equity for the year ended 31 December 2024:											
Profit for the year		-	-	-	-	-	-	350,167	350,167	-*	350,167
Other comprehensive income		-	-	-	608	-	-	-	608	-	608
Total comprehensive income		-	-	-	608	-	-	350,167	350,775	-*	350,775
Appropriation to statutory reserve		-	-	-	-	21,101	-	(21,101)	-	-	-
Recognition of non-controlling interests in an acquisition of subsidiaries		-	-	-	-	-	-	-	-	400	400
RSU schemes:											
- Equity settled share-based transactions	27(c)	-	-	5,447	-	-	-	-	5,447	-	5,447
Balance at 31 December 2024		76	-	59,025	(351)	62,568	(4)	649,419	770,733	400	771,133

* The amount represents amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

	Note	**2022** *RMB'000*	**2023** *RMB'000*	**2024** *RMB'000*
Operating activities				
Cash generated from operations	*16(b)*	364,702	853,556	838,517
Income tax paid	*24(a)*	(17,090)	(60,317)	(104,553)
Net cash generated from operating activities		347,612	793,239	733,964
Investing activities				
Payment for the purchase of property, plant and equipment		(219,761)	(306,224)	(336,359)
Proceeds from disposal of property, plant and equipment		24	–	910
Payment for purchase of intangible assets		–	(734)	(1,539)
Payment for purchase of wealth management products		(931,200)	(2,328,457)	(1,785,000)
Proceeds from disposal of wealth management products		931,200	2,248,457	1,882,660
Payment for the acquisition of subsidiaries, net of cash acquired	*16(e)*	–	–	(10,395)
Interest income received		4,266	6,753	3,959
Payment for provisions		(372)	(229)	(2,023)
Net cash used in investing activities		(215,843)	(380,434)	(247,787)
Financing activities				
Proceeds from bank loans	*16(c)*	116,000	50,100	–
Repayment of bank loans	*16(c)*	(85,500)	(31,000)	(50,100)
Payment of capital element of lease liabilities	*16(c)*	(119,558)	(145,804)	(178,893)
Payment of interest element of lease liabilities	*16(c)*	(35,450)	(36,640)	(39,305)
Interest expenses of bank loans paid	*16(c)*	(595)	(188)	(37)
Placements of restricted bank deposits		–	(25,000)	–
Withdrawal of restricted bank deposits		–	–	25,000
Dividends paid to equity shareholders of the Company	*27(d)*	–	–	(350,028)
Payment of listing expenses	*16(c)*	(2,763)	(2,265)	(2,121)
Net cash used in financing activities		(127,866)	(190,797)	(595,484)
Net increase/(decrease) in cash and cash equivalents		3,903	222,008	(109,307)
Effect of foreign exchange rate changes		(711)	(129)	170
Cash and cash equivalents at 1 January	*16(a)*	131,218	134,410	356,289
Cash and cash equivalents at 31 December	*16(a)*	134,410	356,289	247,152

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Green Tea Group Limited (the "Company") was incorporated in the Cayman Islands on 4 June 2015 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operation since the date of its incorporation save for the group reorganisation as detailed in the section headed "History, Reorganization and Corporate Structure" in the Prospectus. The Company and its subsidiaries (together, the "Group") are principally engaged in restaurant operations in the People's Republic of China (the "PRC"). No statutory financial statements have been prepared for the Company since the date of its incorporation. Details of the Group's subsidiaries are set out in Note 13.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group of RMB64,942,000 as at 31 December 2024. Based on a detailed review of the Group's working capital forecast for the twelve months ending 31 December 2025 and the unutilised banking facilities as at the date of this report, the directors are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months from 31 December 2024.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards that are effective for the Relevant Periods consistently throughout the Relevant Periods. The Group has not applied any new standard or interpretation that is not yet effective during the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of measurement

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand except when otherwise indicated. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that financial assets measured at FVPL are stated at their fair value as explained in Note 2(d).

Item included in the Historical Financial Information 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.

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards 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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)).

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Financial assets at fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial assets was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

– Leasehold improvements	5 to 30 years, or lease term, whichever is shorter
– Kitchen equipment	5 years
– Furniture and fixture	3-5 years
– Electronic equipment and others	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(h)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

– Software	5 years
– Others	2 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily apartments and kitchen equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Note 2(d)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) **Credit losses and impairment of assets**

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and long-term rental deposits).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and

- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories and other contract costs

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(i)(i)), property, plant and equipment (see Note 2(e)) or intangible assets (see Note 2(f)).

Incremental costs of obtaining a contract e.g. sales commission are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(s)(i)).

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(k)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(h)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(u)).

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the income approach model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sales of goods or the provision of services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group principally generates revenue from restaurant operations. Revenue excludes value added tax or other sales taxes and is after deduction of other sales taxes or any trade discounts.

For restaurant operations for which the control of services is transferred at a point in time, revenue is recognised when the related services have been rendered to customers.

For sales of goods for which the control of goods is transferred at a point in time, revenue is recognised when the goods are delivered and accepted by the customers.

Revenue for rendering of other services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customer simultaneously receives the benefits provided by the Group's performance as the Group performs.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income at fair value and then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

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Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to non-controlling interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Control assessment of cooperation agreements

As further disclosed in Note 13(e), the Group entered into a series of cooperation agreements with certain entities controlled by Wang Qinsong and Lu Changmei, controlling shareholders of the Group, pursuant to which the Group is responsible for providing entrusted management services of running the restaurant business of these entities and is awarded of the management fee which represents the operation results of the restaurant business of these entities.

Pursuant to the cooperation agreements, the Group has the rights to use the underlying restaurant premises, fixtures and furniture and kitchen equipment to provide catering services to the customers, and acquires the procurement contracts with the suppliers. All staff employed by these entities are transferred to the Group. The Group is responsible for approving the financial and operational policies and the annual financial budgets of the underlying restaurant businesses and making decisions about the procurement process and staff arrangement. The Group receives substantially all of the economic interest returns generated by these restaurant businesses in consideration for the management service fee which equals to the profits before taxes during the cooperation period less accumulated losses incurred during previous financial years (if any). Therefore, the Group is acting as a principal to operate the underlying restaurant businesses with delegated decision-making rights pursuant to the cooperation agreements and controls the underlying restaurant businesses through the cooperation agreements under IFRS 10 *Consolidated financial statements.*

Accordingly, the operation results of the relevant restaurant businesses, and related property, plant and equipment and right-of-use assets used for the operation of the restaurant businesses are consolidated in the Historical Financial Information of the Group during the period of entrusted management services until the Group terminated the cooperation agreements.

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(b) Sources of estimation uncertainty

Significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Depreciation and amortisation

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated useful lives of the assets. Intangible assets are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation or amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation or amortisation expense for future periods is adjusted if there are material changes from previous estimates.

(ii) Impairment of property, plant and equipment, right-of-use assets and intangible assets

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment, right-of-use assets and intangible assets is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

(iii) Provision for restoration costs

As explained in Note 21, the Group makes provision for restoration costs based on the best estimate of the expected costs to be incurred upon expiry of the respective tenancy agreements, which are subject to uncertainty and might differ from the actual costs incurred. Any increase or decrease in the provision would affect profit or loss in future periods.

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are restaurant operations in the PRC.

(i) Disaggregation of revenue

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

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:			
Restaurant operation	1,976,519	3,059,989	3,099,173
Delivery service	397,114	517,153	723,057
Other revenue	1,820	12,036	15,972
	2,375,453	3,589,178	3,838,202

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition			
– Point in time	2,375,226	3,588,509	3,837,729
– Overtime *(Note)*	227	669	473
	2,375,453	3,589,178	3,838,202

Note: Revenue from rendering of parking services was recognised over time during the contract period.

No revenue from individual customer contributed over 10% of total revenue of the Group for the Relevant Periods.

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

As at 31 December 2022, 2023 and 2024, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for rendering service such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for rendering service that had an expected duration of one year or less.

(b) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group has one operating segment, which is restaurant operations. The Group's most senior executive management reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

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

5 OTHER REVENUE

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other revenue			
Interest income on:			
– bank deposits	2,895	2,527	3,959
– rental deposits	1,876	2,120	2,483
	4,771	4,647	6,442
Investment income on wealth management products	1,214	4,418	2,490
Government grants *(Note (i))*	23,833	28,342	22,322
Lease incentives *(Note 22)*	1,263	1,788	703
Total	31,081	39,195	31,957

Note:

(i) Government grants mainly represented additional deduction of value-added tax and various forms of incentives and subsidies granted to the Group by the local government authorities in Mainland China. The additional deduction of value-added tax policy has expired on 31 December 2023.

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6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans *(Note 16(c))*	594	188	37
Interest on lease liabilities *(Note 16(c))*	35,450	36,640	39,305
Interest on long-term payable	3,925	3,818	3,729
Interest on provisions *(Note 21)*	1,572	2,011	2,238
	41,541	42,657	45,309

(b) Staff costs

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	615,115	895,245	965,419
Contributions to defined contribution scheme *(Note (i))*	12,061	14,939	18,142
Equity-settled share-based payment expenses *(Note 26)*	(779)	844	5,447
	626,397	911,028	989,008

Note:

(i) The employees of the subsidiaries of the Group established in Mainland China participate in a defined contribution scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in Mainland China, from the above mentioned retirement scheme at their normal retirement age.

The Group's employees in Hong Kong SAR participate in a defined contribution scheme registered under the Mandatory Provident Fund Scheme Ordinance (Cap. 485) (the "MPF Scheme"). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong dollars ("HKD") 30,000. Contributions to the plan vest immediately.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other expenses

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Property management expenses	59,444	72,110	87,609
Low-value consumables	67,279	91,345	94,736
Services fees to third-party service providers	56,898	65,879	70,639
Platform service fees	11,247	48,696	65,498
Transportation charges	22,638	25,053	30,704
Business development expenses	15,551	28,032	33,868
Advertising and promotion expenses	23,966	27,448	30,105
Office expenses	3,322	6,060	5,746
Impairment losses of property, plant and equipment and right-of-use assets	–	4,636	–
Listing expenses	11,210	8,547	6,312
Others	37,425	43,144	42,191
	308,980	420,950	467,408

(d) Other net (income)/losses

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net losses on restaurant closures	1,122	2,066	756
Income on COVID-19 rent concessions *(Note 11(b)(iv))*	(10,176)	–	–
Net foreign exchange (income)/loss	(62)	(14)	35
Net losses/(gains) on disposal of property, plant and equipment and right-of-use assets	494	840	(485)
Other losses/(income)	209	1,027	(2,459)
	(8,413)	3,919	(2,153)

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	12,316	67,561	58,477
Over-provision in respect of prior years	(42)	(29)	(733)
	12,274	67,532	57,744
Deferred tax			
Origination and reversal of tax losses and temporary differences	14,324	24,898	10,744
	26,598	92,430	68,488

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

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	43,177	387,973	418,655
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned *(Note i, ii, iii)*	11,625	97,011	105,961
Tax benefit of subsidiaries subject to preferential tax rates *(Note iii)*	(5,614)	(38,721)	(48,176)
PRC dividend withholding tax *(Note 24(b))*	20,697	33,117	9,907
Tax effect of non-deductible expenses	169	837	1,619
Tax effect of unused tax losses not recognised	29	236	15
Over-provision in respect of prior years	(42)	(29)	(733)
Tax effect of utilisation of the tax losses not recognised as deferred tax asset in previous years	(266)	(21)	(105)
Actual tax expenses	26,598	92,430	68,488

Notes:

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the Republic of Seychelles, the Group is not subject to any income tax in the Cayman Islands and the Republic of Seychelles.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong Special Administrative Region (the "Hong Kong SAR") was 16.5% for the Relevant Periods. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.

The subsidiaries in Hong Kong SAR of the Group did not have any assessable profits for the Relevant Periods.

(iii) Taxable income for the subsidiaries of the Company in Mainland China are subject to PRC income tax rate of 25% for the Relevant Periods, unless otherwise specified below.

Tibet Green Tea Food & Beverage Management Co., Ltd ("Tibet Green Tea F&B") was established in Tibet in Mainland China in 2016 and was entitled to the preferential income tax rate of 15% since its operation according to the Notice No. 51 issued by the Tibet People's Government on 1 May 2014. According to the Notice No. 23 issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission on 23 April 2020, Tibet Green Tea F&B could continue to meet the relevant criteria to enjoy the preferential income tax rate. Thus, Tibet Green Tea F&B will continue to be entitled to the preferential income tax rate of 15% from 2021 to 2030.

For the year ended 31 December 2022, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprised in Mainland China, and were entitled to a preferential income tax rate of 2.5% on taxable income for the first RMB1,000,000 and 5% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000.

For the year ended 31 December 2023 and 2024, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprised in Mainland China, and were entitled to a preferential income tax rate of 5% on taxable income within RMB3,000,000.

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8 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the Historical Financial Information are as follows:

For the year ended 31 December 2022

	Directors' and supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	2022 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Wang Qinsong	–	396	–	13	409	–	409
Executive directors							
Ms. Yu Liying	–	571	–	7	578	(156)	422
Mr. Wang Jiawei	–	610	–	7	617	(83)	534
Non-executive directors							
Ms. Lu Changmei	–	219	–	4	223	–	223
Mr. Liu Sheng	–	–	–	–	–	–	–
Mr. Tao Ye	–	–	–	–	–	–	–
	–	1,796	–	31	1,827	(239)	1,588

For the year ended 31 December 2023

	Directors' and supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	2023 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Wang Qinsong	–	1,032	–	13	1,045	–	1,045
Executive directors							
Ms. Yu Liying	–	823	–	7	830	74	904
Mr. Wang Jiawei	–	798	–	7	805	40	845
Non-executive directors							
Ms. Lu Changmei	–	394	–	16	410	–	410
Mr. Liu Sheng	–	–	–	–	–	–	–
Mr. Tao Ye (resigned on 5 December 2023)	–	–	–	–	–	–	–
Ms. Xu Ruijie (appointed on 5 December 2023)	–	–	–	–	–	–	–
	–	3,047	–	43	3,090	114	3,204

For the year ended 31 December 2024

	Directors' and supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	2024 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Wang Qinsong	–	1,937	–	74	2,011	–	2,011
Executive directors							
Ms. Yu Liying	–	834	–	9	843	266	1,109
Mr. Wang Jiawei	–	816	–	9	825	142	967
Non-executive directors							
Ms. Lu Changmei	–	387	–	20	407	–	407
Mr. Liu Sheng	–	–	–	–	–	–	–
Ms. Xu Ruijie	–	–	–	–	–	–	–
	–	3,974	–	112	4,086	408	4,494

Note:

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended 31 December 2022, 2023 and 2024, of the five individuals with the highest emoluments, one, two and one are directors whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the other four, three and four individuals are as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	3,181	3,713	5,413
Contributions to defined contribution scheme	36	25	39
Equity-settled share-based payment expenses	(129)	388	969
	3,088	4,126	6,421

The emoluments of the four, three and four individuals with the highest emoluments are within the following bands:

	Year ended 31 December 2022 *Number of individuals*	**Year ended 31 December 2023** *Number of individuals*	**Year ended 31 December 2024** *Number of individuals*
Nil – HKD1,000,000	3	–	–
HKD1,000,001 – HKD1,500,000	1	1	1
HKD1,500,001 – HKD2,000,000	–	2	2
HKD2,000,001 – HKD2,500,000	–	–	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary and preference shares in issue during the Relevant Periods as follows:

	Year ended 31 December 2022	**Year ended 31 December 2023**	**Year ended 31 December 2024**
Profit attributable to equity shareholders of the Company (RMB'000)	16,579	295,543	350,167
Issued ordinary and preference shares at 1 January *(Note (i))*	522,250,000	522,250,000	522,250,000
Effect of shares vested under RSU scheme *(Note (ii))*	10,742,823	10,625,561	10,513,727
Weighted average number of ordinary and preference shares in issue at 31 December	532,992,823	532,875,561	532,763,727
Basic earnings per share (expressed in RMB per share)	0.03	0.55	0.66

Notes:

(i) The preference shares issued by the Company have the same right to share in the profit of the Group as ordinary shares. Therefore, the Company did not present separate earnings per share information for the preference shares.

(ii) The shares vested under RSU scheme include those vested RSUs, which were granted to certain directors and employees of the Group under Scheme A and Scheme B at a price of RMB0.01 per unit, before the Relevant Periods. Under Scheme A, 7,125,570 RSUs and 972,300 RSUs were vested on 28 February 2020 and 28 December 2020, respectively. Under Scheme B, 3,079,182 RSUs were vested on 28 February 2021. Details of RSU scheme are set out in Note 26.

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(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary and preference shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2022, 2023 and 2024, the Company has one category of dilutive potential ordinary shares, which is the restricted share units granted to certain directors and employees of the Group under Scheme C with service condition only (see Note 26). The restricted share units are assumed to have been fully vested and released from restrictions with no significant impact on earnings.

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024
Profit attributable to equity shareholders of the Company (RMB'000)	16,579	295,543	350,167
Weighted average number of ordinary and preference shares in issue *(Note (a))*	532,992,823	532,875,561	532,763,727
Effect of shares under RSU scheme	3,563,937	3,805,141	3,649,165
Weighted average number of ordinary and preference shares for the calculation of diluted earnings per share	536,556,760	536,680,702	536,412,892
Diluted earnings per share (expressed in RMB per share)	0.03	0.55	0.65

11 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Reconciliation of carrying amount of property, plant and equipment

	Kitchen equipment *RMB'000*	Furniture and fixture *RMB'000*	Electronic equipment and others *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2022	153,653	80,764	17,994	611,495	1,576	865,482
Additions	6,639	829	1,926	1,494	197,862	208,750
Transfer from construction-in-progress	18,726	17,612	2,969	138,318	(177,625)	–
Disposals	(6,564)	(3,594)	(1,508)	(23,755)	–	(35,421)
At 31 December 2022 and 1 January 2023	172,454	95,611	21,381	727,552	21,813	1,038,811
Additions	500	137	5,143	3,297	323,212	332,289
Transfer from construction-in-progress	59,209	29,151	7,377	230,824	(326,561)	–
Disposals	(8,185)	(2,499)	(547)	(21,881)	–	(33,112)
At 31 December 2023 and 1 January 2024	223,978	122,400	33,354	939,792	18,464	1,337,988
Additions	9,035	609	1,667	3,054	283,559	297,924
Transfer from construction in progress	42,853	23,354	6,986	201,648	(274,841)	–
Disposals	(13,743)	(6,408)	(1,572)	(49,504)	(64)	(71,291)
Exchange adjustments	14	8	5	140	33	200
At 31 December 2024	262,137	139,963	40,440	1,095,130	27,151	1,564,821

	Kitchen equipment RMB'000	Furniture and fixture RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:						
At 1 January 2022	72,448	34,161	11,401	266,749	–	384,759
Charge for the year	27,416	16,375	3,775	115,744	–	163,310
Written back on disposals	(6,163)	(2,989)	(932)	(18,025)	–	(28,109)
At 31 December 2022 and 1 January 2023	93,701	47,547	14,244	364,468	–	519,960
Charge for the year	31,248	18,224	5,206	137,922	–	192,600
Written back on disposals	(7,240)	(2,169)	(491)	(18,281)	–	(28,181)
At 31 December 2023 and 1 January 2024	117,709	63,602	18,959	484,109	–	684,379
Charge for the year	37,167	20,063	7,571	152,436	–	217,237
Written back on disposals	(13,008)	(6,214)	(1,496)	(42,842)	–	(63,560)
Exchange adjustments	–	–	–	4	–	4
At 31 December 2024	141,868	77,451	25,034	593,707	–	838,060
Impairment:						
At 1 January 2022	17	9	2	42	–	70
Written back on disposals	(17)	(9)	(2)	(42)	–	(70)
At 31 December 2022 and 1 January 2023	–	–	–	–	–	–
Charge for the year	–	–	–	2,576	2,060	4,636
At 31 December 2023 and 1 January 2024	–	–	–	2,576	2,060	4,636
Written back on disposals	–	–	–	(2,576)	(64)	(2,640)
At 31 December 2024	–	–	–	–	1,996	1,996
Net book value:						
At 31 December 2024	120,269	62,512	15,406	501,423	25,155	724,765
At 31 December 2023	106,269	58,798	14,395	453,107	16,404	648,973
At 31 December 2022	78,753	48,064	7,137	363,084	21,813	518,851

All of the property, plant and equipment owned by the Group are located in Mainland China and Hong Kong SAR.

Impairment assessment

The recoverable amount of each restaurant ("CGU") with an indication of impairment is estimated at the end of each reporting period. As at the end of each reporting period, in view of the unfavourable future prospects of certain restaurants, there was an indication that the CGUs may suffer an impairment loss. Management of the Group has conducted impairment testing. The recoverable amount of each CGU is determined based on fair value less cost of disposal or value-in-use calculations by preparing cash flow projections of the relevant CGU derived from the most recent financial forecast approved by management covering the remaining lease term, which is higher. The cash flows are discounted using a discount rate of 14.5%, 14.2% and 13.9%, respectively as at 31 December 2022, 2023 and 2024. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

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As at 31 December 2023, the carrying amount of certain CGUs exceeds their recoverable amount and, therefore, an impairment loss of RMB4,636,000 was recognised in profit or loss as the "Other expenses" in the consolidated statements of profit or loss. As at 31 December 2022 and 2024, the recoverable amount of the respective CGUs of the Group with an indication of impairment exceeds the carrying amount. Therefore, no impairment loss was recognised in the profit or loss in the consolidated statements of profit or loss for the year ended 31 December 2022 and 2024.

(b) Right-of-use assets

The reconciliation of carrying amount of right-of-use assets by class of underlying asset is as follows:

	Properties	**Kitchen equipment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	1,114,528	13,509	1,128,037
Additions	218,121	5,852	223,973
Disposal	(80,988)	(1,628)	(82,616)
At 31 December 2022 and 1 January 2023	1,251,661	17,733	1,269,394
Additions	241,898	6,181	248,079
Disposal	(91,984)	(2,310)	(94,294)
At 31 December 2023 and 1 January 2024	1,401,575	21,604	1,423,179
Additions	363,039	4,548	367,587
Disposals	(115,049)	(4,267)	(119,316)
Exchange adjustments	546	1	547
At 31 December 2024	1,650,111	21,886	1,671,997
Accumulated depreciation:			
At 1 January 2022	398,501	5,134	403,635
Charge for the year	158,125	2,923	161,048
Written back on disposals	(48,264)	(1,550)	(49,814)
At 31 December 2022 and 1 January 2023	508,362	6,507	514,869
Charge for the year	173,145	3,891	177,036
Written back on disposals	(88,744)	(2,037)	(90,781)
At 31 December 2023 and 1 January 2024	592,763	8,361	601,124
Charge for the year	198,309	4,559	202,868
Written back on disposals	(95,080)	(3,911)	(98,991)
Exchange adjustments	42	–	42
At 31 December 2024	696,034	9,009	705,043

	Properties *RMB'000*	Kitchen equipment *RMB'000*	Total *RMB'000*
Impairment:			
At 1 January 2022	740	18	758
Written back on disposals	(740)	(18)	(758)
At 31 December 2022, 2023 and 2024	–	–	–
Net book value:			
At 31 December 2024	954,077	12,877	966,954
At 31 December 2023	808,812	13,243	822,055
At 31 December 2022	743,299	11,226	754,525

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*
Interest on lease liabilities *(Note 6(a))*	35,450	36,640	39,305
Expense relating to leases of low-value assets and short-term leases	45,144	54,421	50,837
Variable lease payments not included in the measurement of lease liabilities	13,902	26,820	26,451
COVID-19-related rent concessions received *(Note (iv))*	(11,940)	–	–
Lease incentives *(Note 22)*	(1,934)	(2,735)	(1,927)

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 16 and 19, respectively.

The Group has adopted the Amendment to IFRS 16, *Leases, Covid-19-Related Rent Concessions* and IFRS 16, *Leases, Covid-19-Related Rent Concessions beyond 30 June 2021*, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the Relevant Periods. Further details are disclosed in Note (iv) below.

Notes:

(i) Properties – right-of-use assets

The Group has obtained the right of use properties as its restaurants through tenancy agreements. The leases typically run for an initial period of lease terms of 4 to 31.4 years. Lease payments are usually increased every 2 years to reflect market rentals.

(ii) Kitchen equipment – right-of-use assets

The Group leases certain kitchen equipment under leases expiring from 3 to 5 years.

(iii) Rental deposits

The refundable rental deposits themselves are not parts of the lease payments and the measurement are within the scope of IFRS 9. Therefore, the rental deposits should be measured at fair value on initial recognition. The difference between the initial fair value and the nominal value of the deposit is an additional lease payment made by the Group and it is included in the measurement of the right-of-use assets.

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(iv) COVID-19-related rent concessions received

2022

			COVID-19 rent concessions			
	Fixed payments	**Variable payments**	**Deducted from variable payments**	**Recognised as income**	**Subtotal**	**Total payments**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Properties	155,008	13,902	(1,764)	(10,176)	(11,940)	156,970

12 INTANGIBLE ASSETS

	Software	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	3,125	377	3,502
Additions	–	–	–
At 31 December 2022 and 1 January 2023	3,125	377	3,502
Additions	734	–	734
At 31 December 2023 and 1 January 2024	3,859	377	4,236
Additions	1,555	–	1,555
At 31 December 2024	5,414	377	5,791
Accumulated amortisation:			
At 1 January 2022	1,144	276	1,420
Charge for the year	313	18	331
At 31 December 2022 and 1 January 2023	1,457	294	1,751
Charge for the year	331	16	347
At 31 December 2023 and 1 January 2024	1,788	310	2,098
Charge for the year	628	10	638
At 31 December 2024	2,416	320	2,736
Net book value:			
At 31 December 2024	2,998	57	3,055
At 31 December 2023	2,071	67	2,138
At 31 December 2022	1,668	83	1,751

13 INTERESTS IN SUBSIDIARIES

The Company

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Interests in subsidiaries			
– Investments in subsidiaries *(Note (i))*	41	41	41
– Deemed investments arising from share-based compensation *(Note 26)*	52,734	53,578	59,025
– Amounts due from subsidiaries *(Note (ii))*	28,137	28,615	77,609
	80,912	82,234	136,675

Notes:

(i) As at 31 December 2022, 2023 and 2024, the Company's investments in subsidiaries was USD6,000, equivalent to RMB41,000.

(ii) As at 31 December 2022, 2023 and 2024, the amounts due from subsidiaries were interest-free and had no fixed terms of payment.

During the Relevant Periods and as at the date of this report, the Company has direct or indirect interests in subsidiaries, all of which are private companies. The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated:

Company name	Place and date of incorporation/ establishment and operations	Type of legal entity	Particulars of issued and paid up capital	Effective interest held by the Group As at 31 December 2022	2023	2024	At the date of this report	Principal activities	Name of auditor
Directly held by the Company									
Everlasting Thrive Limited *(note (b))*	The Republic of Seychelles 23 July 2015	Limited liability company	USD2,000	100%	100%	100%	100%	Investment holding	*Note (b)*
Emperor Favour Limited *(note (b))*	The Republic of Seychelles 23 July 2015	Limited liability company	USD2,000	100%	100%	100%	100%	Investment holding	*Note (b)*
August Fountain Limited *(note (b))*	The Republic of Seychelles 23 July 2015	Limited liability company	USD2,000	100%	100%	100%	100%	Investment holding	*Note (b)*
Indirectly held by the Company									
Hong Kong Greentea Group Limited *(note (c))*	Hong Kong SAR 21 August 2015	Limited liability company	HKD10,000	100%	100%	100%	100%	Investment holding and restaurant operations	*Note (c)*
Hong Kong Guan Dong Zao Group Limited *(note (c))*	Hong Kong SAR 21 August 2015	Limited liability company	HKD10,000	100%	100%	100%	100%	Investment holding	*Note (c)*

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Company name	Place and date of incorporation/ establishment and operations	Type of legal entity	Particulars of issued and paid up capital	Effective interest held by the Group As at 31 December 2022	2023	2024	At the date of this report	Principal activities	Name of auditor
Hong Kong August Fountain Group Limited *(note (c))*	Hong Kong SAR 21 August 2015	Limited liability company	HKD10,000	100%	100%	100%	100%	Investment holding	*Note (c)*
Shenzhen Qianhai Green Tea Investment Consultancy Company Limited 深圳前海綠茶投資諮詢有限公司 *(note (a)(b))*	The People's Republic of China 23 December 2015	Wholly foreign-owned enterprise	RMB10,000,000	100%	100%	100%	100%	Investment holding	*Note (b)*
Hangzhou Dinghuan Investment Management Company Limited ("Hangzhou Dinghuan") 杭州鼎寰投資管理有限公司 *(note (a)(d))*	The People's Republic of China 27 March 2017	Limited liability company	RMB10,000,000	100%	100%	100%	100%	Restaurant operations	*Note (d)*
Tibet Green Tea Food & Beverage Management Company Limited 西藏綠茶餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 30 March 2016	Limited liability company	RMB20,408,200	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Wuhan Lujia Food & Beverage Management Company Limited 武漢路家餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 30 March 2017	Limited liability company	RMB100,000	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Sanquan Green Tea (Beijing) Food & Beverage Management Company Limited 三泉綠茶(北京)餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 27 March 2017	Limited liability company	RMB100,000	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Tibet Green Tea Quan Enterprise Management Company Limited 西藏綠茶泉企業管理有限公司 (formerly known as Tibet Green Tea Quan Investment Management Company Limited 西藏綠茶泉投資管理有限公司) *(note (a)(b))*	The People's Republic of China 30 March 2016	Limited liability company	RMB5,000,000	100%	100%	100%	100%	Investment holding	*Note (b)*
Shenzhen Green Tea Renjia Trading Company Limited 深圳市綠茶人家貿易有限公司 *(note (a)(b))*	The People's Republic of China 24 June 2016	Limited liability company	RMB5,000,000	100%	100%	100%	100%	Food procurement	*Note (b)*
Zhejiang Lvqin Supply Chain Management Company Limited 浙江綠勤供應鏈管理有限公司 *(note (a)(b))*	The People's Republic of China 29 December 2020	Limited liability company	RMB10,000,000	100%	100%	100%	100%	Food wholesale industry	*Note (b)*
Yiwu Dinghuan Investment Management Consultancy Company Limited 義烏市鼎寰企業管理諮詢有限公司 *(note (a)(b))*	The People's Republic of China 8 January 2021	Limited liability company	–	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Shenzhen Maoye Dinghuan Food & Beverage Management Company Limited. 深圳市茂業鼎寰餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 13 January 2021	Limited liability company	RMB1,000,000	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Beijing Dinghuan Food & Beverage Management Company Limited 北京鼎寰餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 25 January 2021	Limited liability company	–	100%	100%	100%	100%	Restaurant operations	*Note (b)*

Company name	Place and date of incorporation/ establishment and operations	Type of legal entity	Particulars of issued and paid up capital	Effective interest held by the Group As at 31 December			At the date of this report	Principal activities	Name of auditor
				2022	2023	2024			
Shanxi Dinghuan Food & Beverage Management Company Limited 山西鼎寰餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 2 February 2021	Limited liability company	–	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Hangzhou Lvwu Food & Beverage Management Company Limited 杭州綠蕪餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 22 March 2022	Limited liability company	–	100%	100%	100%	100%	Restaurant operations	*Note (b)*
Miaohui (Zhejiang Zhoushan) Trading Company Limited 妙會(浙江舟山)貿易有限責任公司 *(note (a)(b))*	The People's Republic of China 15 December 2022	Limited liability company	–	100%	100%	100%	100%	Food wholesale industry	*Note (b)*
Zhejiang Daxin Supply Chain Management Company Limited 浙江大心供應鏈管理有限公司 *(note (a)(b))*	The People's Republic of China 24 May 2023	Limited liability company	–	–	100%	100%	100%	Food wholesale industry	*Note (b)*
Shaoxing Dinghuan Food & Beverage Management Company Limited 紹興鼎寰餐飲管理有限公司 *(note (a)(b))*	The People's Republic of China 29 June 2023	Limited liability company	RMB500,000	–	100%	100%	100%	Restaurant operations	Note (b)
Hangzhou Green Tea Food & Beverage Management Company Limited 杭州綠茶餐飲管理有限公司 *(note (a)(b)(e))*	The People's Republic of China 21 February 2008	Limited liability company	RMB500,000	–	–	100%	100%	Restaurant operations	*Note (b)*
Beijing Green Tea Food & Beverage Management Company Limited 北京綠茶餐飲管理有限公司 *(note (a)(b)(e))*	The People's Republic of China 11 November 2009	Limited liability company	RMB1,000,000	–	–	60%	60%	Restaurant operations	*Note (b)*

Notes:

(a) These entities are PRC limited liability companies. The official names of these entities are in Chinese. The English translation of the names is for identification only.

(b) No audited financial statements have been prepared for these entities for the Relevant Periods.

(c) Hong Kong Greentea Group Limited prepared the financial statements for the year ended 31 December 2022 in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance. The financial statements for the year ended 31 December 2022 were audited by Uniwin International CPA Limited, certified public accountants registered in Hong Kong SAR. As at the date of this report, no audited financial statements have been prepared for the years ended 31 December 2023 and 2024.

Hong Kong Guan Dong Zao Group Limited and Hong Kong August Fountain Group Limited prepared the financial statements for the years ended 31 December 2022 and 2023 in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance. The financial statements for the years ended 31 December 2022 and 2023 were audited by Uniwin International CPA Limited, certified public accountants registered in Hong Kong SAR. As at the date of this report, no audited financial statements have been prepared for the year ended 31 December 2024.

(d) The entity prepared the financial statements for the years ended 31 December 2022 and 2023 in accordance with the requirements of Accounting Standards for Business Enterprises, issued by the Ministry of Finance of the PRC. The financial statements for the years ended 31 December 2022 and 2023 were audited by Zhejiang Tianping Accounting Firm Co., Ltd, certified public accountants registered in Mainland China. As at the date of this report, no audited financial statements have been prepared for the year ended 31 December 2024.

(e) In 2017, the Group entered into a series of cooperation agreements with certain entities controlled by Wang Qinsong and Lu Changmei, controlling shareholders of the Group, including Hangzhou Greentea Catering Management Co., Ltd. ("Hangzhou Greentea"), Wuhan Jiangnan Greentea Catering Management Co., Ltd. ("Wuhan Greentea", deregistered on 19 March 2025), Beijing Greentea Catering Management Co., Ltd. ("Beijing Greentea") and Ningbo Greentea Catering Management Co., Ltd. ("Ningbo Greentea", deregistered on 22 October 2019), pursuant to which, the Group is responsible for providing entrusted management services of running the restaurant business of these entities and is awarded of the management fee approximate to the operation results of the restaurant business of these entities. The cooperation agreements expired on 30 April 2023 and were renewed for another three years till 30 April 2026. The cooperation agreements will be automatically renewed unless the Group terminates the agreements upon expiry.

As the Group has the ability to use its power over the restaurant business of the above entities to affect the amount of the Group's returns, the operation results of the relevant restaurant business and related property, plant and equipment and right-of-use assets used for the operation of the restaurant business are consolidated in the Historical Financial Information of the Group during the period of entrusted management services until the Group terminated the cooperation agreements.

In September 2024, the Group terminated the cooperation agreement with Wuhan Greentea since the lease agreement associated with the restaurant expired in September 2024 and the Group ceased the operation of the restaurant accordingly.

On 24 December 2024, Hangzhou Dinghuan, a subsidiary of the Group, entered into an equity transfer agreement with Wang Qinsong, to acquire 100% equity interests in Hangzhou Greentea (including its non-wholly owned subsidiary Beijing Greentea) at a total consideration of RMB21,278,400. On 25 December 2024, the transaction was completed and Hangzhou Greentea and Beijing Greentea became the subsidiaries of the Group since then. On 25 December 2024, the Group also terminated the cooperation agreements with Hangzhou Greentea and Beijing Greentea in relation to the entrusted management operations of the relevant restaurant business of these entities. As the group of assets acquired and liabilities assumed do not constitute a business, the transaction was accounted for an asset acquisition.

All companies now comprising the Group have adopted 31 December as their financial year end date.

14 INVENTORIES

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Food and beverages, and other operating items for restaurant operations	56,395	59,576	67,227

All of the inventories are expected to be recovered within one year.

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

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold and consumed	862,316	1,205,219	1,192,902

15 TRADE AND OTHER RECEIVABLES

The Group

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Trade debtors	18,485	36,298	22,550
Other receivables and deposits	50,320	45,137	76,216
Amounts due from related parties *(Note 30(d))*	24,298	28,943	–
Financial assets measured at amortised cost	93,103	110,378	98,766
Value added tax recoverable	109,788	149,396	158,350
Prepayments *(Note)*	37,339	54,726	75,150
	147,127	204,122	233,500
	240,230	314,500	332,266

Note: Prepayments mainly represent prepayments for rental and property management expenses, utilities expenses and listing expenses.

Ageing analysis:

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

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Within 1 month	16,903	35,046	21,249
1 to 2 months	372	864	1,037
2 to 3 months	371	279	247
Over 3 months but within 1 year	839	109	17
	18,485	36,298	22,550

Trade debtors are due within 1 year from the date of revenue recognition. Further details on the Group's credit policy are set out in Note 28.

The Company

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Prepayments for listing expenses	8,194	10,549	12,484
Dividends receivables	–	393,231	–
Other receivables	–	–	1,598
	8,194	403,780	14,082

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16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Cash on hand	369	609	1,281
Cash at bank	134,041	355,680	245,871
	134,410	356,289	247,152

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*
Profit before taxation		43,177	387,973	418,655
Adjustments for:				
Interest income and investment income	*5*	(5,985)	(9,065)	(8,932)
Depreciation		324,358	369,636	420,105
Amortisation of lease incentives	*5*	(1,263)	(1,788)	(703)
Amortisation of intangible assets		331	347	638
Finance costs	*6(a)*	41,541	42,657	45,309
Net losses/(gains) on disposal of property, plant and equipment and right-of-use assets		1,263	707	(1,046)
Impairment loss on property, plant and equipment and right-of-use assets	*6(c)*	–	4,636	–
Equity-settled share-based payment expenses	*6(b)*	(779)	844	5,447
Income on COVID-19 rent concessions	*6(d)*	(10,176)	–	–
Changes in working capital:				
Increase in inventories		(9,240)	(3,181)	(7,336)
Increase in trade and other receivables and rental deposits		(30,288)	(69,500)	(32,353)
Increase/(decrease) in trade and other payables		6,943	128,923	(2,441)
Increase in contract liabilities		4,820	1,367	1,174
Cash generated from operations		364,702	853,556	838,517

(c) **Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Lease liabilities *RMB'000* *(Note 19)*	**Bank loans** *RMB'000* *(Note 23)*	**Dividend payable** *RMB'000* *(Note 27(d))*	**Listing expense payable – capital element (included in trade and other payables)** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	746,798	501	–	131	747,430
Proceeds from bank loans	–	116,000	–	–	116,000
Repayment of bank loans	–	(85,500)	–	–	(85,500)
Interest of bank loans paid	–	(595)	–	–	(595)
Payment of capital element of lease liabilities	(119,558)	–	–	–	(119,558)
Payment of interest element of lease liabilities	(35,450)	–	–	–	(35,450)
Listing expenses paid	–	–	–	(2,763)	(2,763)
Total changes from financing cash flows	(155,008)	29,905	–	(2,763)	(127,866)
Other changes:					
Interest expenses	35,450	594	–	–	36,044
Additions	198,107	–	–	3,064	201,171
Disposal	(37,555)	–	–	–	(37,555)
Total other changes	196,002	594	–	3,064	199,660
At 31 December 2022 and 1 January 2023	787,792	31,000	–	432	819,224
Proceeds from bank loans	–	50,100	–	–	50,100
Repayment of bank loans	–	(31,000)	–	–	(31,000)
Interest of bank loans paid	–	(188)	–	–	(188)
Payment of capital element of lease liabilities	(145,804)	–	–	–	(145,804)
Payment of interest element of lease liabilities	(36,640)	–	–	–	(36,640)
Listing expenses paid	–	–	–	(2,265)	(2,265)
Total changes from financing cash flows	(182,444)	18,912	–	(2,265)	(165,797)

	Lease liabilities *RMB'000* *(Note 19)*	Bank loans *RMB'000* *(Note 23)*	Dividend payable *RMB'000* *(Note 27(d))*	Listing expense payable – capital element (included in trade and other payables) *RMB'000*	Total *RMB'000*
Other changes:					
Interest expenses	36,640	188	–	–	36,828
Additions	237,447	–	–	2,355	239,802
Disposals	(5,883)	–	–	–	(5,883)
Dividends declared	–	–	350,028	–	350,028
Total other changes	268,204	188	350,028	2,355	620,775
At 31 December 2023 and 1 January 2024	873,552	50,100	350,028	522	1,274,202
Repayment of bank loans	–	(50,100)	–	–	(50,100)
Interest of bank loans paid	–	(37)	–	–	(37)
Payment of capital element of lease liabilities	(178,893)	–	–	–	(178,893)
Payment of interest element of lease liabilities	(39,305)	–	–	–	(39,305)
Dividends paid	–	–	(350,028)	–	(350,028)
Payment of listing expenses	–	–	–	(2,121)	(2,121)
Total changes from financing cash flows	(218,198)	(50,137)	(350,028)	(2,121)	(620,484)
Exchange adjustments	560	–	–	–	560
Other changes:					
Interest expenses	39,305	37	–	–	39,342
Additions	432,428	–	–	1,935	434,363
Disposals	(24,707)	–	–	–	(24,707)
Total other changes	447,026	37	–	1,935	448,998
At 31 December 2024	1,102,940	–	–	336	1,103,276

(d) **Total cash out flow for leases:**

	2022 *RMB'000*	**2023** *RMB'000*	**2024** *RMB'000*
Within operating cash flows	56,611	80,294	76,064
Within financing cash flows	155,008	182,444	218,198
	211,619	262,738	294,262

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(e) Net cash outflow arising from the acquisition:

The recognised amounts of assets and liabilities at the date of acquisition on (see Note 13(e)) comprise the following:

	RMB'000
Trade and other receivables	4,582
Lease receivables	26,725
Cash and cash equivalents	10,883
Other assets	331
Trade and other payables	(20,843)
Total net assets acquired	21,678
Non-controlling interests arising from acquisition	(400)
Total consideration paid in cash	21,278
Less: cash and cash equivalents of subsidiaries acquired	(10,883)
	10,395

17 TRADE AND OTHER PAYABLES

The Group

	At 31 December 2022 *RMB'000*	**At 31 December 2023** *RMB'000*	**At 31 December 2024** *RMB'000*
Trade payables	193,354	248,488	221,361
Staff cost payable	53,103	86,790	85,506
Listing expense payable	11,772	12,813	12,362
Other payables and accrued charges	70,689	139,778	138,392
Other taxes payable	2,944	5,466	4,718
	331,862	493,335	462,339

As of the end of the reporting period, the ageing analysis of trade payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 December 2022 *RMB'000*	**At 31 December 2023** *RMB'000*	**At 31 December 2024** *RMB'000*
Within 1 year	188,464	244,325	217,699
Over 1 year but within 2 years	4,862	1,443	190
Over 2 years but within 3 years	28	2,720	3,472
	193,354	248,488	221,361

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The Company

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Amounts due to subsidiaries	22,294	40,657	71,715
Other payables	11,778	8,932	11,295
	34,072	49,589	83,010

The amounts due to subsidiaries are unsecured and interest-free.

18 CONTRACT LIABILITIES

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Advanced payment received	3,053	2,463	2,107
Customer loyalty scheme *(Note)*	2,427	4,384	5,914
	5,480	6,847	8,021

Note: The estimated loyalty points arising from the customer loyalty scheme could be used in the future consumptions in the restaurants. The balance at the end of each reporting period represented the transaction price allocated to unsatisfied performance obligation.

Movement in contract liabilities

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
At the beginning of the year	660	5,480	6,847
Net increase in contract liabilities during the year	5,480	4,498	7,250
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(660)	(3,131)	(6,076)
At the end of the year	5,480	6,847	8,021

Certain contract liabilities related to the customer loyalty scheme will be recognised as revenue when the points are redeemed by the customers, which are expected to occur over the next two years.

19 LEASE LIABILITIES

At 31 December 2022, 2023 and 2024 the lease liabilities were repayable as follows:

	At 31 December 2022 RMB'000	At 31 December 2023 RMB'000	At 31 December 2024 RMB'000
Lease liabilities included in the consolidated statements of financial position			
– Within 1 year	181,859	214,345	256,728
– After 1 year but within 2 years	139,603	148,404	187,495
– After 2 years but within 5 years	308,436	336,390	417,395
– After 5 years	157,894	174,413	241,322
	605,933	659,207	846,212
	787,792	873,552	1,102,940

20 LONG-TERM PAYABLES

In respect of the entrusted management operations of certain restaurant businesses as disclosed in Note 13(e), the Group recognised long term payables to related parties for the acquisition of certain property, plant and equipment and right-of-use assets of the related parties.

The following table shows the remaining contractual maturities of the Group's long-term payables at the end of the reporting period:

	At 31 December 2022 RMB'000	At 31 December 2023 RMB'000	At 31 December 2024 RMB'000
Long-term payables included in the consolidated statements of financial position			
– Within 1 year	6,148	7,593	–
– After 1 year but within 2 years	5,803	5,232	–
– After 2 years but within 5 years	13,581	11,696	–
– After 5 years	59,899	59,757	–
	79,283	76,685	–
	85,431	84,278	–

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21 PROVISIONS

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Provisions for restoration costs	35,040	43,116	51,620

The movements of provisions during the Relevant Periods were as follows:

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning	30,199	35,040	43,116
Additional provisions	3,641	6,294	8,271
Interest on provisions	1,572	2,011	2,238
Provisions utilised	(372)	(229)	(2,023)
Exchange adjustments	–	–	18
Balance at the end	35,040	43,116	51,620

Pursuant to the terms of the respective tenancy agreements entered into by the Group, the Group is required to restore certain leased properties to the conditions as stipulated in the tenancy agreements at the expiration of the corresponding lease term as appropriate. The provision for restoration costs was estimated based on certain assumptions and estimates made by the Group's management with reference to historical restoration costs and/or other available market information. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

22 DEFERRED LEASE INCENTIVES

In accordance with the Group's lease agreements, the Group has been granted lease incentive amounts from certain lessors for the reimbursement of leasehold improvement costs of the leased properties. The Group accounted for the benefit of the lease incentive amounts firstly as a deduction of the initial carrying amount of the right-of-use assets, and then the excess as deferred lease incentives which are amortised on a straight-line basis over the term of the leases.

In the consolidated cash flow statements, payments to the suppliers by the lessors amounting to RMB4,894,000, nil and RMB1,981,000 for the years ended 31 December 2022, 2023 and 2024 were non-cash transactions.

The movement of deferred lease incentives during the Relevant Periods was as follows:

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning	12,544	15,504	12,769
Additions	4,894	–	1,981
Less accumulated amortisation			
– deducted from variable lease payments	(671)	(947)	(1,224)
– recognised as other income	(1,263)	(1,788)	(703)
Balance at the end	15,504	12,769	12,823

23 BANK LOANS

The analysis of the carrying amount of current bank loans and other borrowings is as follows:

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Within one year or on demand			
– secured	–	25,000	–
– unsecured	31,000	25,100	–
	31,000	50,100	–

As at 31 December 2023, the secured bank loan was pledged by bank deposits of RMB25,000,000.

As at 31 December 2022, 2023 and 2024, banking facilities of the Group totaling RMB330,000,000, RMB400,000,000 and RMB600,000,000 were utilised to the extent of RMB31,000,000, RMB25,100,000 and nil, respectively.

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Balance at the beginning	7,760	2,944	53,950
Provision for the PRC Corporate Income Tax *(Note 7(a))*	12,274	67,532	57,744
Withholding tax payable	–	43,791	2,380
PRC Corporate Income Tax paid for the year	(17,090)	(60,317)	(104,553)
Balance at the end	2,944	53,950	9,521
Representing:			
Current taxation	5,831	55,442	10,916
Income tax prepayments	(2,887)	(1,492)	(1,395)
	2,944	53,950	9,521

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(b) Deferred tax assets/(liabilities) recognised

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Unused tax losses	Unrealised profits	Right-of-use assets	Lease liabilities	Impairment	Customer loyalty scheme	Withholding tax on dividends	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	3,467	–	(149,226)	176,113	149	–	(27,003)	3,500
Credit/(charged) to profit or loss	4,576	75	38,988	(37,554)	(149)	437	(20,697)	(14,324)
At 31 December 2022	8,043	75	(110,238)	138,559	–	437	(47,700)	(10,824)
Withholding tax payable	–	–	–	–	–	–	43,791	43,791
Credit/(charged) to profit or loss	4,817	733	5,058	(2,741)	–	352	(33,117)	(24,898)
At 31 December 2023	12,860	808	(105,180)	135,818	–	789	(37,026)	8,069
Withholding tax payable	–	–	–	–	–	–	2,380	2,380
Credit/(charged) to profit or loss	(2,238)	(336)	5,184	(3,722)	–	275	(9,907)	(10,744)
At 31 December 2024	10,622	472	(99,996)	132,096	–	1,064	(44,553)	(295)

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from Mainland China 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.

In 2024, the Company's Hong Kong SAR subsidiary received the certificate of Hong Kong SAR resident status. Pursuant to the Arrangement between the Mainland China and the Hong Kong SAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("Tax Treaties") and the Announcement of the State Taxation Administration in relation to "Beneficial Owner" in Tax Treaties ("Announcement No. 9"), the Hong Kong subsidiary meets the requirement for enjoying the preferential rate and is subject to withholding tax at a rate of 5% for dividends received from Mainland China subsidiaries since 2024.

As at 31 December 2022, 2023 and 2024, deferred tax liabilities of RMB47,700,000, RMB37,026,000 and RMB44,553,000 have been recognised in connection with the withholding tax that would be payable on the distribution of retained profits of the Group's Mainland China subsidiaries in the foreseeable future.

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(c) Reconciliation to consolidated statements of financial position

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	36,876	45,095	44,258
Net deferred tax liabilities recognised in the consolidated statements of financial position	(47,700)	(37,026)	(44,553)
	(10,824)	8,069	(295)

(d) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of certain deductible temporary differences and cumulative tax losses as it is not probable that future taxable profits against which the losses or deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

The following table presents the Group's unused tax losses at the reporting dates:

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Unused tax losses	719	5,166	6,785

The expiration information of the Group's unused tax losses is set out below:

	At 31 December 2022 *RMB'000*	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
2026	155	155	155
2027	116	116	116
2028	448	4,895	2,831
2029	–	–	950
Deductible losses without expiry date	–	–	2,733
Total	719	5,166	6,785

All the tax losses of subsidiaries of the Group in the Mainland China can be carried forward for a maximum period of five years. Pursuant to the Notice No. 8 issued by the Ministry of Finance and the State Administration of Taxation of the PRC on 6 February 2020, the maximum carried forward period of the tax losses affected by COVID-19 in certain difficult industries, such as catering industry, is extended from five years to eight years.

All the tax losses of subsidiaries of the Group in Hong Kong SAR can be carried forward without expiry date.

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(e) Deferred tax liabilities not recognised

At 31 December 2022, 2023 and 2024, temporary differences relating to the undistributed profits of Mainland China subsidiaries amounted to nil, nil and RMB198,140,000. Deferred tax liabilities of nil, nil and RMB9,907,000 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of Mainland China subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

25 OTHER NON-CURRENT ASSETS

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of property, plant and equipment	286	407	13,213

26 EQUITY SETTLED SHARE-BASED PAYMENTS

Pursuant to a resolution of the board of directors of the Company passed on 28 February 2020, a restricted share unit ("RSU") scheme ("the Scheme") was adopted for purpose of providing incentives to the qualified employees of the Group. The RSUs will be granted to qualified employees of the Group through an RSU platform and each RSU gives the holder the right to own one ordinary share of the Company. Under the Scheme, the number of total RSUs is not more than 33,350,000 units, equal to 4.5% of total ordinary and preference shares of the Company immediately after the Global Offering as mentioned in the Prospectus. The Scheme shall be valid and effective for a period of 10 years commencing from 28 February 2020. The RSUs shall be exercised no earlier than 6 months after the Listing. The unvested RSUs shall be forfeited if a grantee resigns or has his/her employment terminated after the grant-date.

Pursuant to a resolution of the board of directors of the Company passed on 28 February 2020, 28 December 2020 and 31 May 2022, the Company granted 24,406,582 RSUs, 7,003,338 RSUs and 3,600,288 RSUs, respectively to certain directors and employees of the Group as follows:

Scheme A: On 28 February 2020 and 28 December 2020, 7,125,570 and 972,300 RSUs were granted to 3 directors and 61 employees of the Group at a price of RMB0.01 per unit, respectively and vested immediately.

Scheme B: On 28 February 2020, 9,547,060 RSUs were granted to 3 directors and 50 employees of the Group at a price of RMB0.01 per unit and are scheduled to be vested over four tranches, among which, the first tranche has only service conditions to be met and the remaining tranches have service conditions and certain performance conditions to be met. Subject to the grantee continuing to be an employee of the Group, 25%, 25%, 25% and 25% of RSUs shall be vested on 28 February 2021, 2022, 2023 and 2024, respectively.

On 28 December 2020, 2,769,666 RSUs were granted to 11 employees of the Group at a price of RMB0.01 per unit and are scheduled to be vested over four tranches, among which, the first tranche has only service conditions and the remaining tranches have service conditions and certain performance conditions to be met. Subject to the grantee continuing to be an employee of the Group, 25%, 25%, 25% and 25% of RSUs shall be vested on 28 February 2021, 2022, 2023 and 2024, respectively.

If the ending date of six months after the Listing ("the Updated Vesting Date") is later than 28 February 2022, the second tranche of 25% of RSUs granted on 28 February 2020 and 28 December 2020 mentioned above shall be vested on the Updated Vesting Date and the remaining third and fourth tranches of RSUs shall be vested on the ending date of 12 months and 24 months after the Updated Vesting Date, respectively.

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On 31 May 2022, 2,283,516 RSUs were granted to 21 employees of the Group at a price of RMB0.01 per unit and are scheduled to be vested over four tranches, which have service conditions and certain performance conditions to be met. Subject to the grantee continuing to be an employee of the Group, 25%, 25%, 25% and 25% of RSUs shall be vested on the ending date of 6 months, 18 months, 30 months and 42 months after the Listing, respectively.

If the performance conditions are not fulfilled, the corresponding tranche of RSUs granted can be renewed for one year. If the performance conditions are still not fulfilled in the subsequent year, the corresponding tranche of RSUs granted cannot be vested.

Scheme C: On 28 February 2020, 7,733,952 RSUs were granted to 3 directors and 50 employees of the Group at a price of RMB2.92 per unit respectively and are scheduled to be vested over four tranches with service conditions only. Subject to the grantee continuing to be an employee of the Group, 25%, 25%, 25% and 25% of RSUs shall be vested on 28 February 2021, 2022, 2023 and 2024, respectively.

On 28 December 2020, 3,261,372 RSUs were granted to 11 employees of the Group at a price of RMB2.92 per unit respectively and are scheduled to be vested over four tranches with service conditions only. Subject to the grantee continuing to be an employee of the Group, 25%, 25%, 25% and 25% of RSUs shall be vested on 28 February 2021, 2022, 2023 and 2024, respectively.

If the ending date of six months after the Listing ("the Updated Vesting Date") is later than 28 February 2022, the second tranche of 25% of RSUs granted on 28 February 2020 and 28 December 2020 mentioned above shall be vested on the Updated Vesting Date and the remaining third and fourth tranches of RSUs shall be vested on the ending date of 12 months and 24 months after the Updated Vesting Date, respectively.

On 31 May 2022, 1,316,772 RSUs were granted to 21 employees of the Group at a price of RMB2.92 per unit and are scheduled to be vested over four tranches, which have service conditions and certain performance conditions to be met. Subject to the grantee continuing to be an employee of the Group, 25%, 25%, 25% and 25% of RSUs shall be vested on the ending date of 6 months, 18 months, 30 months and 42 months after the Listing, respectively.

The numbers and fair value of RSUs are as follows:

	Weighted grant date fair value per RSU *RMB*	**Number of RSUs**
Outstanding as at 1 January 2022	3.16	16,632,580
Granted during the year	4.50	3,600,288
Forfeited during the year	2.94	(202,099)
Outstanding as at 31 December 2022	3.40	20,030,769
Forfeited during the year	3.85	(808,398)
Outstanding as at 31 December 2023	3.38	19,222,371
Forfeited during the year	4.37	(304,191)
Outstanding as at 31 December 2024	3.37	18,918,180

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Fair value of RSUs

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date. The directors have used the income approach to determine the fair value of the underlying shares of the Company and adopted the discounted cash flow to determine the fair value of the underlying ordinary shares.

	Grant-date fair value		
	Scheme A	Scheme B	Scheme C
	RMB'000	*RMB'000*	*RMB'000*
28 February 2020	2.94	2.94	2.94
28 December 2020	3.85	3.85	3.85
31 May 2022	N/A	4.50	4.50

The discounted cash flow derived by management considered the Company's future business plan, specific business and financial risks, the stage of development of the Company's operations and economic and competitive elements affecting the Company's business, industry and market. The discount rates used for the grant date fair value were 15.6%, 15.5% and 15.4% for RSUs granted as at 28 February 2020, 28 December 2020 and 31 May 2022 respectively.

The directors estimated the risk-free interest rate based on the yield of Chinese government bonds with maturity of 20 years. Weighted average cost of capital was estimated based on selected comparable companies.

Expected retention rate of grantees

The Group estimates the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of RSUs (the "Expected Retention Rate") in order to determine the amount of share-based payment expenses charged to the consolidated statement of profit or loss. As at 31 December 2022, 2023 and 2024, the Expected Retention Rate was assessed to be 100%, 100% and 100%, respectively.

Share-based payment expenses of RMB844,000 and RMB5,447,000 are recognised as staff costs in the consolidated statements of profit or loss for the years ended 31 December 2023 and 2024, respectively. Deduction of share-based payment expenses of RMB779,000 are adjusted in staff costs in the consolidated statements of profit or loss for the year ended 31 December 2022 due to the updated expectation of the satisfaction of service conditions after considering the expected Listing date.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Ordinary Shares	Number of shares	Amount *USD*	Share capital *RMB*
As at 1 January 2022, 31 December 2022, 2023 and 2024	398,950,000	7,979	54,778

Preference Shares	Number of shares	Amount *USD*	Share capital *RMB*
As at 1 January 2022, 31 December 2022, 2023 and 2024	156,650,000	3,133	21,606

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Ordinary shares

The Company was incorporated in the Cayman Islands on 4 June 2015 with authorised share capital of USD50,000 divided into 50,000 ordinary shares with a par value of USD1.00 each. 10,000 ordinary shares were issued to Time Sonic Investments Limited on 9 July 2015.

On 25 May 2017, 2,688 ordinary shares of par value of USD1.00 each were repurchased by the Company.

On 17 March 2021, 667 ordinary shares of par value of USD1.00 each were newly issued to Longjing Memory Limited (the "**RSU Nominee**") , which was established in the British Virgin Islands for the purpose of holding share for grant under the RSU Scheme.

Preference shares

On 25 May 2017, the Company issued a total of 3,133 preference shares of par value of USD1.00 each to Partners Group Gourmet House Limited. The preference shareholder were, subject to certain limitations, entitled to certain customary special rights including (i) redemption right to transfer its shares to Wang Qinsong and Lu Changmei if the listing of the Company approval was not obtained by 25 May 2023 or such later date as may be extended for one year by the parties in the event of a force majeure event with regard to an affected fiscal year, or the performance of the Group does not meet certain target performance since 2019, (ii) right to appoint two directors, (iii) pre-emptive right, (iv) co-sale right, and (v) information right. The redemption rights shall terminate and be of no further force or effect immediately before the Company submits its application for the Listing (the "Submission"), provided in the event where the Submission is withdrawn, rejected, lapses and is not renewed within a prescribed period of time, or the Company fails to consummate the Global Offering, such redemption rights shall automatically be reinstated in full. All other special rights will be terminated automatically upon completion of the Global Offering. Each preference share shall automatically be converted into an ordinary share on a one to one ratio upon the Listing.

The preference shares were recorded as equity of the Company.

Share sub-division

Pursuant to the resolution passed by the board of directors of the Company on 22 March 2021, each of the above shares of par value of USD1.00 each was sub-divided into 50,000 shares of par value of USD0.00002 each.

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *RMB'000*	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Exchange reserve *RMB'000*	Shares held for RSU schemes *RMB'000*	(Accumulated losses)/retained profits *RMB'000*	Total *RMB'000*
Balance at 1 January 2022	76	45,250	53,513	(2,702)	(4)	(30,937)	65,196
Changes in equity for 2022:							
Loss for the year	–	–	–	–	–	(11,498)	(11,498)
Other comprehensive income	–	–	–	2,423	–	–	2,423
Equity settled share-based transactions	–	–	(779)	–	–	–	(779)
Balance at 31 December 2022	76	45,250	52,734	(279)	(4)	(42,435)	55,342

	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Exchange reserve RMB'000	Shares held for RSU schemes RMB'000	(Accumulated losses)/retained profits RMB'000	Total RMB'000
Balance at 1 January 2023	76	45,250	52,734	(279)	(4)	(42,435)	55,342
Changes in equity for 2023:							
Profit for the year	–	–	–	–	–	384,985	384,985
Other comprehensive income	–	–	–	477	–	–	477
Equity settled share-based transactions	–	–	844	–	–	–	844
Dividends declared	–	(45,250)	–	–	–	(304,778)	(350,028)
Balance at 31 December 2023	76	–	53,578	198	(4)	37,772	91,620
Balance at 1 January 2024	76	–	53,578	198	(4)	37,772	91,620
Changes in equity for 2024:							
Loss for the year	–	–	–	–	–	(7,550)	(7,550)
Other comprehensive income	–	–	–	410	–	–	410
Equity settled share-base settled transactions	–	–	5,447	–	–	–	5,447
Balance at 31 December 2024	76	–	59,025	608	(4)	30,222	89,927

(c) Nature and purposes of reserves

(i) Share premium

As at 31 December 2022, the share premium comprises capital contribution from Partners Group Gourmet House Limited in excess of the par value of preference shares issued.

Under the Companies Law of Cayman Islands, the share premium account of the Company is 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 would be in a position to pay off its debt as they fall due in the ordinary course of business.

(ii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of RSUs granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iii) Exchange reserve

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

(iv) Statutory reserve

Statutory reserves are established in accordance with the PRC Company Law and the Articles of Association of the companies comprising the Group which are incorporated in Mainland China.

Appropriations to the reserves were required to allocate 10% of their profits after tax until the reserves reach 50% of their respective registered capital.

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) Shares held for RSU schemes

On 1 March 2021, the Company appointed The Core Trust Company Limited (the "RSU Trustee") as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme through the RSU Nominee, a wholly-owned subsidiary of the RSU Trustee. Further details of the RSU Scheme are set out in Note 26.

The RSU Nominee's activities are conducted on behalf of the Company to settle its obligation under the RSU Scheme and the Company also has the right to deal with the outstanding RSUs if the Company terminates the RSU Scheme. The directors are of the view that the RSU Nominee is controlled by the Company. Accordingly, the ordinary shares held by the RSU Nominee for RSU scheme are deducted from shareholders' equity on consolidation until the shares are vested unconditionally to the grantees.

(d) Dividends

In accordance with the resolution of the board of directors of the Company dated 10 May 2023, a dividend of RMB350,028,000 (RMB0.63 per ordinary share and RMB0.63 per preference share) was declared to Time Sonic Investments Limited, Partners Group Gourmet House Limited and Longjing Memory Limited by the Company out of share premium of RMB45,250,000 and retained profits of RMB304,778,000. The dividends were paid to the equity shareholders of the Company in June 2024.

(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's overall strategy remains unchanged throughout the Relevant Periods. 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 2022, 2023 and 2024 was 74%, 83% and 69%.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and rental deposits. The Group's exposure to credit risk arising from cash and cash equivalents and financial assets at FVPL are limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk.

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The Group's trade receivables in connection with bills settled through payment platforms such as Unionpay, Alipay or WeChat Pay are with high credit rating and no past due history. Management of the Group considers these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers during the Relevant Periods, and accordingly, no provision for impairment of trade receivables is considered necessary by management for the Relevant Periods.

The Group has concentration of credit risk on amounts due from related parties as at the end of each reporting period with details set out in Note 30. Management has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. In view of the strong financial capability of these related parties and considered the future prospects of the industry these related parties operate, management do not consider there is a risk of default and do not expect any losses from non-performance by these related parties, and accordingly, no impairment was recognised in respect of the amounts due from related parties.

In determining the ECL for rental deposits and other receivables, management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. Management of the Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no provision for impairment of other receivables is considered necessary by management for the Relevant Periods.

The expected credit loss rate is insignificant and close to zero.

The Group does not provide any guarantees which would expose the Group to credit risk.

(b) Liquidity risk

In management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	31 December 2022 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	331,862	–	–	–	331,862	331,862
Bank loans	31,188	–	–	–	31,188	31,000
Lease liabilities	211,954	165,183	350,874	178,632	906,643	787,792
Long-term payables	8,755	8,317	21,571	106,176	144,819	85,431
	583,759	173,500	372,445	284,808	1,414,512	1,236,085

	31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	493,335	–	–	–	493,335	493,335
Bank loans	50,138	–	–	–	50,138	50,100
Dividend payable	350,028	–	–	–	350,028	350,028
Lease liabilities	246,885	175,160	380,786	194,841	997,672	873,552
Long-term payables	11,206	8,684	21,980	105,761	147,631	84,278
	1,151,592	183,844	402,766	300,602	2,038,804	1,851,293

	31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	462,339	–	–	–	462,339	462,339
Lease liabilities	300,652	221,341	477,516	300,491	1,300,000	1,102,940
	762,991	221,341	477,516	300,491	1,762,339	1,565,279

(c) Interest rate risk

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end the Relevant Periods:

	Effective interest rate	**At 31 December 2022**
	%	*RMB'000*
Fixed rate borrowings		
– Bank loans	3.20%-3.90%	31,000
– Lease liabilities	4.35%-5.37%	787,792
– Long-term payables	4.35%-5.37%	85,431
		904,223

	Effective interest rate	At 31 December 2023
	%	*RMB'000*
Fixed rate borrowings		
– Bank loans	3.50%-3.85%	50,100
– Lease liabilities	3.50%-5.37%	873,552
– Long-term payables	3.83%-5.37%	84,278
		1,007,930

	Effective Interest rate	At 31 December 2024
	%	*RMB'000*
Fixed rate borrowings		
– Lease liabilities	3.50%-5.37%	1,102,940

The Group does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group, such as cash and cash equivalents, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

Overall, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than functional currencies of the respective entities comprising the Group are not significant.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

	Fair value measurements as at 31 December 2022 categorised into			
	Fair value at 31 December 2022	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– wealth management products	40,000	–	–	40,000

	Fair value measurements as at 31 December 2023 categorised into			
	Fair value at 31 December 2023	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– wealth management products	120,192	–	–	120,192

	Fair value measurements as at 31 December 2024 categorised into			
	Fair value at 31 December 2024	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– wealth management products	25,022	–	–	25,022

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Wealth management products	Discounted cash flow *(Note)*	Discount rate

Note: The fair value of wealth management products are calculated by discounting the expected future cash flows. The fair value measurement is negatively correlated to discount rate. The discount rate is determined according to market expected return rate. As at 31 December 2022, 2023 and 2024, it is estimated that with all other variables held constant, an increase/decrease in fair value of wealth management products by 5% would have increased/decreased the Group's profit for the year by RMB1,605,000, RMB4,683,000 and RMB1,038,000.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at 31 December 2022, 2023 and 2024.

29 COMMITMENTS

Capital commitments outstanding at each reporting date during the Relevant Periods not provided for in the consolidated financial statements were as follows:

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Contracted for	25,011	15,932	34,150

30 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Wang Qinsong and Lu Changmei 王勤松、路長梅夫婦	Controlling shareholders (the "Controlling Shareholders")
Hangzhou Greentea, Wuhan Greentea and Beijing Greentea *(note)*	Entities controlled by Wang Qinsong and Lu Changmei

Note: The Group acquired Hangzhou Greentea (including its non-wholly owned subsidiary Beijing Greentea) on 25 December 2024, as disclosed in Note 13(e). Since then Hangzhou Greentea and Beijing Greentea are not related parties of the Group.

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(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of highest paid employees as disclosed in Note 9, is as follows:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	3,687	5,836	7,190
Contributions to defined contribution scheme	48	60	134
Equity-settled share-based payment expenses	(192)	410	964
	3,543	6,306	8,288

(c) Related party transactions

During the Relevant Periods, the Group entered into the following material related party transactions:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Acquisition in terms of Hangzhou Greentea and Beijing Greentea			
Wang Qinsong	–	–	21,278

(d) Balance with related parties

As at 31 December 2022, 2023 and 2024, the Group had the following balances with related parties in respect of entrusted management services as detailed in Note 13(e):

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from/(to):			
Trade in nature			
Hangzhou Greentea	17,089	29,193	–
Beijing Greentea	2,802	(1,607)	–
Wuhan Greentea	4,407	1,357	–
	24,298	28,943	–

	At 31 December 2022	At 31 December 2023	At 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to:			
Trade in nature – long-term payables			
Hangzhou Greentea	76,399	77,036	–
Beijing Greentea	7,725	6,646	–
Wuhan Greentea	1,307	596	–
	85,431	84,278	–

Long-term payables to the above related parties arose from the acquisition of certain property, plant and equipment and right-of-use assets for the entrusted management operations.

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Group to be Time Sonic Investments Limited and ultimate controlling party of the Group to be Wang Qinsong and Lu Changmei.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of Historical Financial Information, the IASB has issued a number of amendments, and new standard and interpretations, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *Lack of exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	No mandatory effective date yet determined

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.

33 SUBSEQUENT EVENTS

The Company intends to declare and distribute by December 2025 a special dividend (the "**Special Dividend**") in an amount of no less than RMB180 million to its shareholders (including its new shareholders after the listing of the Company's shares on the Stock Exchange) based on its distributable retained profits from the subsidiaries as of 31 December 2024 and share premium, upon the declaration of the Special Dividend. The Company will make announcements in due course after the listing of its shares on the Stock Exchange in respect of the declaration and payment of the Special Dividend. The Controlling Shareholders (including entities controlled by them) have undertaken to vote in favor of the shareholders' resolution for the declaration and payment of such Special Dividend.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2024.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Green Tea Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Green Tea Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2024 and related notes as set out in Part A of Appendix II to the prospectus dated 8 May 2025 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 31 December 2024 as if the Global Offering had taken place at 31 December 2024. As part of this process, information about the Group's financial position as at 31 December 2024 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue. We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information. The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

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Certified Public Accountants
Hong Kong
8 May 2025

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as if the Global Offering had been completed on 31 December 2024. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 December 2024 or any future date.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as of 31 December 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$7.19 per Share	767,678	737,036	1,504,714	2.23	2.40

Notes:

(1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2024 have been calculated based on the consolidated total equity of the Company as at 31 December 2024 of RMB770,733,000 less intangible assets of RMB3,055,000, extracted from the Accountants' Report set out in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$7.19 per Share and the assumption that there are 117,854,800 newly issued Shares in the Global Offering, after deduction of the estimated underwriting commissions and other listing related expenses paid and payable by the Group (excluding the listing expenses charged to profit or loss up to 31 December 2024) and taking no account of any Shares which may fall to be issued upon the exercise of Over-allotment Option.

The estimated net proceeds of the Global Offering have been converted to Renminbi at the exchange rate of HK$1.0000 to RMB0.9295. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted into RMB, or vice versa, at that rate or at any other rates.

(3) The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share is based on 673,454,800 Shares in issue immediately upon the completion of the Global Offerings, assuming that the Global Offering have been completed on 31 December 2024, and taking no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option.

(4) For illustrative purpose, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share in RMB are converted to the Hong Kong dollar at the exchange rate of HK$1.00 to RMB0.9295. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at the rate or at any other rates or at all.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024. The Company intends to declare and distribute by December 2025 a special dividend (the "**Special Dividend**") in an amount of no less than RMB180 million to its shareholders (including its new shareholders after the listing of the Company's shares on the Stock Exchange) based on its distributable retained profits from the subsidiaries as of 31 December 2024 and share premium, upon the declaration of the Special Dividend. The Company will make announcements in due course after the listing of its shares on the Stock Exchange in respect of the declaration and payment of the Special Dividend. The Controlling Shareholders (including entities controlled by them) have undertaken to vote in favor of the shareholders' resolution for the declaration and payment of such Special Dividend. This effect has not been adjusted in the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company.