



天福(開曼)控股有限公司
Tenfu (Cayman) Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6868

Interim
Report 2025



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Corporate Information

DIRECTORS

Executive Directors

LEE Rie-Ho (*Chairman*)

LEE Chia Ling (*Chief Executive Officer*)

LEE Kuo-Lin (*Chief Operating Officer*)

FAN Ren Da, Anthony

ZHANG Honghai

Non-executive Director

TSENG Ming-Sung

Independent Non-executive Directors

LO Wah Wai

LEE Kwan Hung, Eddie

HUANG Wei

BOARD COMMITTEES

Audit Committee

LO Wah Wai (*Chairman*)

TSENG Ming-Sung

HUANG Wei

LEE Kwan Hung, Eddie

Nomination Committee

LEE Kwan Hung, Eddie (*Chairman*)

LEE Kuo-Lin

HUANG Wei

LO Wah Wai

Remuneration Committee

HUANG Wei (*Chairman*)

LEE Rie-Ho

LO Wah Wai

LEE Kwan Hung, Eddie

LEE Chia Ling

Environmental, Social and Governance Committee

FAN Ren Da, Anthony (*Chairman*)

LO Wah Wai

HUANG Wei

LEE Chia Ling

REGISTERED OFFICE

P.O. Box 2681
Cricket Square, Hutchins Drive
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

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Email: tenfu@tenfu.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F
No. 88 Lockhart Road
Wan Chai
Hong Kong

AUTHORIZED REPRESENTATIVES

LEE Chia Ling
LEUNG Shui Bing

COMPANY SECRETARY

LEUNG Shui Bing

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Corporate Information

PLACE OF LISTING OF THE SHARES ("SHARES")

The main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

NAME OF STOCK

Tenfu (Cayman) Holdings Company Limited
(the "**Company**")

STOCK CODE

6868

(listed on the Stock Exchange since 26
September 2011)

PRINCIPAL BANKERS

Bank of China Limited, Zhangpu Sub-branch

Bank of Communications Co. Ltd., Xiamen
Branch

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

22/F, Prince's Building

Central, Hong Kong

WEBSITE

www.tenfu.com

BUSINESS REVIEW AND OUTLOOK

In the first half of 2025, the Group achieved revenue of RMB672.9 million, down 17.1% from the corresponding period in 2024, and recorded profit for the period of RMB48.7 million, down 29.5% from the corresponding period in 2024. The decrease in the Group's revenue for the period was mainly due to the weak consumption market and overall economic conditions affected by multiple global factors.

In the first half of 2025, the global economy continued to face multiple risks such as rising inflation, geopolitical tensions and fluctuations in energy and commodity prices. Under the macro environment, the PRC government actively rolled out a series of policies and measures to promote consumption, focusing on expanding domestic demand and unleashing the potential of consumption. The consumer market demonstrated continuing and slow recovery. Consumers are increasing their concern about product quality, health and convenience, becoming more rational in consumption decisions, and focused on products with value, while paying attention to quality and practical demands. In response to the market development, the Group has further enhanced its organizational coordination, utilized its advantages in supply chain, maximized its resources utilization efficiency and strengthened its market position. The following measures have been taken to promote the efficiency of its operations, including further expanding its network, actively promoting the customer loyalty programme, consolidating and developing customer base, increasing release of marketing program and education and training for the employees, improving employees' benefits, while controlling expenditures.

1. **Leading brand position.** The Company has been awarded the titles of "2024 China Tea Industry "Enterprise of the Year" (2024中國茶行業“年度企業”)” by Forbes and "2024 Top 10 Tea Enterprise Brands in China (2024中國茶企業品牌TOP10)" by Chinese Tea Brand Value Evaluation Task Force (中國茶品牌價值評價工作組). The Company has been awarded the title of "2024 Key Tea Enterprise (Formerly Top 100 Tea Industry Enterprise) (2024年度茶葉重點(原百強)企業)" and "China's Tea Industry Comprehensive Top 100 Enterprises (中國茶葉行業百強企業)" by the China Tea Marketing Association from 2013 to 2024. The Company was listed in the list of each of "Evergreen Companies in the Tea Industry (茶業常青藤企業)", "2024 Top Enterprises with Comprehensive Competitiveness in the Tea Industry (2024年度茶葉綜合競爭力企業)", "Benchmark Brands for Tea Industry Competitiveness 2022 (2022年度茶

Management Discussion and Analysis

業市場競爭力標桿品牌)”, “Leading Tea Enterprises for Comprehensive Strength 2023 (2023年度綜合實力引領茶企業)” and “Key Tea Enterprises 2023 (2023年度重點茶企)” by China Tea Marketing Association. Pursuant to the data from Chinese Enterprises Brands Research Centre (中國企業品牌研究中心), Tenfu ranked first among 2019 China’s chain stores of tea in terms of brand index, the “Tenfu” (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. The Company was also granted the award of “Zhangzhou Time-Honored Brand (漳州老字號)”, “Zhangzhou Municipal Pilot Unit for Quality Empowerment in Industrial and Supply Chains (漳州市產業鏈供應鏈質量賦能試點單位)”, “2nd Zhangzhou Municipal Government Quality (第二屆漳州市政府品質獎稱號)” by Zhangzhou municipal government and “Enterprise with Outstanding Economic Contribution 2022 (2022年度突出經濟貢獻企業)” by Zhangpu county government, respectively. Mr. Lee Rie-Ho, the chairman of the Board, obtained the honorary title of Outstanding Chinese Tea People (Lifetime Achievement) in November 2020 and listed as one of the tea industry influencers in 2022 by Chinese Tea Association and China Tea Industry Alliance. The tea mooncakes of the Group have been awarded the honorable titles of Golden Mooncakes (金牌月餅) and China Mooncakes (中國名餅) for the five consecutive years from 2016 to 2020. The tea mooncakes of the Group also won the first prize for China Mooncake Quality (中華月餅品質一等獎) in 2019 and honorable titles of Golden Mooncakes (金牌月餅) and China Mooncakes (中國名餅) in the China Mooncake Festivals in 2022 and 2023. With its high level of brand awareness and more than 25 years of presence in the market, the Group believes that it is in a strong position to continue to occupy a large market share of branded traditional Chinese tea leaves and wait for the market re-bounce.

2. **Adjusting and optimising sales network.** The Group has continued adjusting retail outlets and retail points with a view to optimising the reach of its sales network for its tea products in the PRC. As at 30 June 2025, the Group had a total of 1,335 self-owned and third-party owned retail outlets and retail points, down a net of 14 retail stores and retail points from a total of 1,349 as at 31 December 2024.

Management Discussion and Analysis

3. **Adjustment in each tea product category and development of diversified product lines.** In the first half of 2025, the Group adjusted its tea product categories improved packages. The Group also established a food research and development department to develop diversified traditional food, such as Pork Crispy Strips and Instant Bird's Nest.
4. **Strengthened costs control.** The Group has strengthened its costs control on all items in accordance with prevailing economic environment and market conditions, and as a result, the aggregate of distribution costs and administrative expenses decreased as compared with the corresponding period in 2024.
5. **Anti-counterfeiting effort.** The Group has implemented a security code for each product, which has covered most of the products. The customers can easily check and confirm the product authenticity.
6. **Environmental, social and governance (“ESG”) endeavours.** The Company obtained the best practice awards of Wind ESG in the fast consumer goods industry for Hong Kong listing companies in 2022 (2022年度Wind ESG港股日常消費行業最佳實踐獎). The Company ranked no. 4 for Wind ESG Rating Distribution (Beverage) in 2023. The Company ranked A for Wind ESG Comprehensive Score Industry Ranking (Beverage) in 2024.

In the second half of 2025, the Group will cater its plans to keep its market share, continue with its expansion, optimise its network of self-owned and third-party owned retail outlets and retail points. In particular, the Group plans to:

1. **Continue to adjust and optimise its retail sales network.** The Group will further adjust retail outlets and retail points, including both self-owned and third-party owned retail outlets and retail points, according to the economic development of the PRC. As part of this goal, the Group plans to identify, establish and keep new retail outlets on high-traffic streets in the central business districts of selected cities, as well as retail points in popular shopping malls, actively expand networks in third-tier and fourth-tier and small cities, and develop quality distributors to increase sales of its tea products. To capture more customers who prefer to buy their tea products online, the Group continues to promote internet sales through its subsidiary, namely, Xiamen Tianyu Commerce and Trading Co., Limited (廈門天鈺商貿有限公司). The Group will continue to monitor

Management Discussion and Analysis

other opportunities for multi-channel sales and distribution network, which enables the Group to access a broad market audience and penetrate into different regions in the PRC, and continue to rapidly expand their sales. There has been a significant increase in customer stickiness to online consumption. The accelerated development of digital economy continued to drive the upgrading of online consumption and the online and offline integration speeded up, accelerating the development of emerging consumption models such as food delivery and delivery-to-home services. Consumer demands showed a trend of diversified, personalised and rational development. Consumption appeared more polarized, with high-end and affordable products each having their own market. The Group upholds a value-based marketing strategy, continues to cultivate both offline and online diversified channels, develop products with ingenuity and insist on innovation to satisfy consumers' demands.

2. **Continue to enhance brand reputation and consumer awareness.** The Group plans to maintain and promote its high level of brand awareness through targeted marketing and promotional activities. As part of these promotional activities, the Group plans to make further efforts to promote its products and brands during traditional Chinese festivals, and actively hold tea ware exhibition, pu'er tea expo, new tea tasting events and tea art education activities for enhancement of communication and interactions with customers in order to maintain and promote the well-known "Tenfu" (天福) brand. The Group also plans to continue the promotion of an enhanced rewards program for its customers in order to encourage repeating business and increase customer loyalty.
3. **Continue to develop new concepts for tea-related products.** The Group believes that a broad portfolio of products will help it maintain its leading brand position and keep pace with constantly changing consumer preferences and trends. To this end, the Group will continue the development of tea and tea-related products to meet market requirements, as well as creating the trend and leading the trend. The Group offers the tea drink (including milk tea) with the trademark of "放牛斑". The Group will further monitor the opportunity and expand its market share in other tea products once available.

Management Discussion and Analysis

4. **Expand production capacity through the increase of the number of processing facilities.** The Group acquired land in Xiapu county, Ningde, Fujian Province, for construction of a processing facility of white tea, which started processing tea leaves in April 2025. The Group plans to cater for future growth and anticipated increases in the demand for tea and tea-related products by expanding production capacity when suitable acquisition opportunities arise or suitable construction sites can be acquired. The Group has production facilities strategically located in different parts of the PRC, which would achieve optimisation in procurement costs.
5. **Quality control.** The Group considers product quality control to be essential to its operations, and places particular emphasis on inspecting and controlling the quality of raw materials in its supply chain. The Group will continue its commitment to quality assurance going forward by further enhancing its internal testing capabilities. In October 2015, the Group got the qualification certification for its egg roll and candy production line and related auxiliary areas, reaching the consolidated standards for prerequisite and food safety programs of American Institute of Baking. Tea mooncakes of the Group have obtained the titles of “high quality mooncakes”, “Golden Mooncakes” and “China Mooncakes” of China Mooncakes Culture Festival since 2012 for 11 consecutive years. In the meantime, the Company also implemented one product, one bar-code anti-counterfeiting traceability system at all factories. Longjing tea of the Group was regarded as the raw materials of Longjing tea sensory grading standard samples developed according to GB/T18650-2008 geographical indication product Longjing tea.

Looking forward, the Group’s primary goal is to continue growing its business and increasing its market share by leveraging on its strong market position and sales network and the anticipated long-term growth in the PRC tea market.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2025, the Group was engaged in the sales and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The Group has manufacturing plants in Fujian province, Sichuan province, Zhejiang province, Guangxi Zhuang Autonomous Region and Guizhou province, the PRC. The Group's key products are tea leaves, tea snacks and tea ware, which it sells through a nationwide network of self-owned and third-party owned retail outlets and retail points. The Group has started the sales of tea drink (including milk tea, with the trademark of “放牛斑”).

During the six months ended 30 June 2025, the Group derived substantially all of its revenue from the sales of tea leaves, tea snacks and tea ware. The revenue of the Group decreased by 17.1% from RMB811.3 million for the six months ended 30 June 2024 to RMB672.9 million for the six months ended 30 June 2025. The following table sets forth a breakdown of revenue by product category for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
Revenue contributed from:				
Sales of tea leaves	462,654	68.8	571,793	70.5
Sales of tea snacks	96,543	14.3	110,100	13.6
Sales of tea ware	86,943	12.9	101,728	12.5
Others ⁽¹⁾	26,803	4.0	27,657	3.4
Total	672,943	100.0	811,278	100.0

Notes:

- (1) “Others” include revenue from restaurants, hotels, tourists, management services and catering management, beverage production and sales of pre-packaged food and liquor. The Group derived its revenue from these operations through the provision of accommodation, food and beverages and other ancillary services and ticket sales from its tea museums.
- (2) Each of the figures is rounded up to one decimal place and may not add up due to rounding.

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Revenue from sales of the Group's tea leaves decreased by 19.1% from RMB571.8 million for the six months ended 30 June 2024 to RMB462.7 million for the six months ended 30 June 2025. Revenue from sales of the Group's tea snacks decreased by 12.3% from RMB110.1 million for the six months ended 30 June 2024 to RMB96.5 million for the six months ended 30 June 2025. Revenue from sales of the Group's tea ware decreased by 14.5% from RMB101.7 million for the six months ended 30 June 2024 to RMB86.9 million for the six months ended 30 June 2025. The decrease in revenue across all three product categories were mainly due to weak consumer market.

As at 30 June 2025, the Group had approximately 151 self-owned retail outlets and 1,184 distributors' stores throughout Mainland China accounted for approximately 35.4% and 60.6% of the total revenue respectively, compared with approximately 157 self-owned retail outlets and 1,192 distributors' stores as at 31 December 2024.

Cost of sales

Cost of sales of the Group primarily comprises costs of inventories (mainly including costs of raw materials) and labour costs. Cost of sales of the Group decreased by 17.7% from RMB387.2 million for the six months ended 30 June 2024 to RMB318.7 million for the six months ended 30 June 2025, primarily due to a decrease in sales.

Gross profit and gross profit margin

As a result of decrease in revenue, gross profit of the Group decreased by 16.5% from RMB424.1 million for the six months ended 30 June 2024 to RMB354.2 million for the six months ended 30 June 2025, with gross profit margin increasing from 52.3% for the six months ended 30 June 2024 to 52.6% for the six months ended 30 June 2025 due to cost control measures on raw materials and labour cost.

Distribution costs

The distribution costs of the Group decreased by 15.3% from RMB184.5 million for the six months ended 30 June 2024 to RMB156.3 million for the six months ended 30 June 2025. The decrease of distribution costs was primarily due to a decrease of self-owned retail outlets and cost control measures of the Group to reduce costs and increase efficiency.

Management Discussion and Analysis

Administrative expenses

Administrative expenses for the Group decrease by 11.7% from RMB144.1 million for the six months ended 30 June 2024 to RMB127.2 million for the six months ended 30 June 2025. The decrease was primarily due to further cost control measures on various aspects, including labour cost by effective use of human resources.

Other income

Other income of the Group decreased by 36.6% from RMB14.7 million for the six months ended 30 June 2024 to RMB9.3 million for the six months ended 30 June 2025. The decrease was primarily due to a decrease in the PRC government grants which were recognised as income, reduced from RMB6.6 million for the six months ended 30 June 2024 to RMB2.9 million for the six months ended 30 June 2025.

Other losses – net

Other losses of the Group was RMB0.7 million for the six months ended 30 June 2025, as compared to other losses of RMB0.2 million for the six months ended 30 June 2024, primarily due to an increase in losses on disposal of property, plant and equipment.

Finance income

Finance income of the Group increased from RMB3.1 million for the six months ended 30 June 2024 to RMB3.4 million for the six months ended 30 June 2025, primarily due to an increase in interest income.

Finance costs

Finance costs of the Group increased by 4.3% from RMB12.0 million for the six months ended 30 June 2024 to RMB12.5 million for the six months ended 30 June 2025, reflecting an increase in net foreign exchange losses.

Share of net profits/(losses) of investments accounted for using the equity method

Share of net profits/(losses) of investments accounted for using the equity method of the Group was a net profit amounting to RMB1.3 million and a net loss amounting to RMB2.1 million for the six months ended 30 June 2025 and 2024, respectively. The increase was primarily due to the profits gain from invested business.

Management Discussion and Analysis

Income tax expense

Income tax expense of the Group decrease by 24.8% from RMB30.7 million for the six months ended 30 June 2024 to RMB23.1 million for the six months ended 30 June 2025, primarily due to a decrease in the Group's profit before tax from RMB99.8 million for the six months ended 30 June 2024 to RMB71.8 million for the six months ended 30 June 2025. In addition, the effective tax rate of the Group increased from 30.8% to 32.1%, primarily due to the increase in the accumulated loss of unrecognised deferred income tax assets.

Profit for the period

As a result of the foregoing factors, the profit of the Group, all of which was attributable to the owners of the Company, decreased by RMB20.3 million, or 29.5%, from RMB69.1 million for the six months ended 30 June 2024 to RMB48.7 million for the six months ended 30 June 2025. Net profit margin of the Group decreased from 8.5% for the six months ended 30 June 2024 to 7.2% for the six months ended 30 June 2025, primarily due to a decrease in revenue.

Liquidity and capital resources

Cash position

The operations of the Group are capital intensive, and its liquidity requirements arise principally from the need for working capital to finance its operations and expansions. The Group has historically met its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by its shareholders (the "**Shareholders**").

The Group's cash and cash equivalents increased by RMB201.9 million, or 59.3%, from RMB340.5 million as at 31 December 2024 to RMB542.4 million as at 30 June 2025, primarily due to cash generated from operations.

The Group had net cash inflow from operating activities of RMB292.0 million, net cash outflow from investing activities of RMB26.0 million and net cash outflow from financing activities of RMB63.1 million for the six months ended 30 June 2025.

Management Discussion and Analysis

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB599.2 million as at 30 June 2025 as compared to RMB571.4 million as at 31 December 2024. As at 30 June 2025, the weighted average effective interest rate of the Group's long-term and short-term bank borrowings was 2.60%, and 2.53%, respectively; and the Group's bank borrowings in the amount of RMB589,200,000 were denominated in RMB. Bank borrowings as at 30 June 2025 and those in corresponding period last year were charged at variable interest rates.

As at 30 June 2025, long-term bank borrowings of RMB15.0 million and short-term bank borrowings of RMB559,193,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are Directors, and the subsidiaries of the Company, either separately or jointly. As at 31 December 2024, short-term bank borrowings of RMB546,380,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are the Directors, and the subsidiaries of the Company, either separately or jointly.

The Directors are of the view that the guarantee of bank borrowings of RMB559,193,000 as at 30 June 2025 by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, being a form of financial assistance (as defined in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange) for the benefit of the Group, was on normal commercial terms where no security over the assets of the Group was granted in respect of such financial assistance provided by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin. Accordingly, such guarantee is exempt from all reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The Group regularly monitors its gearing ratio, which represents net debt as a percentage of total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) add lease liabilities less cash and cash equivalents. As at 30 June 2025, the gearing ratio of the Group was 12.2%, compared to 22.3% as at 31 December 2024. The decrease during the first half of 2025 was primarily due to an increase in cash and cash equivalents.

Management Discussion and Analysis

Working capital

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade and other receivables	149,442	245,488
Trade and other payables	256,025	250,467
Inventories	894,307	960,195
Trade receivables turnover days ⁽¹⁾	73	80
Trade payables turnover days ⁽²⁾	50	48
Inventories turnover days ⁽³⁾	524	470

Notes:

- (1) Trade receivables turnover days = the average of the beginning and ending trade receivables balances for the period, divided by revenue from wholesales to third-party retailers plus sales from the Group's self-owned retail points located in hypermarkets and department stores and sales through other sales channels mainly representing wholesales to other end customers for the period, multiplied by the number of days in the period.
- (2) Trade payables turnover days = the average of the beginning and ending trade payables balances for the period, divided by cost of sales for the period, multiplied by the number of days in the period.
- (3) Inventories turnover days = the average of the beginning and ending inventory balances for the period, divided by the cost of sales for the period, multiplied by the number of days in the period.

Management Discussion and Analysis

The Group's trade and other receivables represent primarily balances due from third-party retailers. The Group's trade and other receivables decreased by RMB96.0 million from RMB245.5 million as at 31 December 2024 to RMB149.4 million as at 30 June 2025, primarily due to settlement of trade receivables from the third parties.

The Group's trade and other payables principally comprise payables to its raw material suppliers, employee benefit payables, other taxes payable, accrued operating expenses and advances from customers. The Group's trade and other payables increased from RMB250.5 million as at 31 December 2024 to RMB256.0 million as at 30 June 2025, primarily due to increase in trade payables due to third parties.

The Group's inventories comprise raw materials (including packaging materials), work-in-progress and finished goods. The Group's inventories decreased from RMB960.2 million as at 31 December 2024 to RMB894.3 million as at 30 June 2025, because of a decrease in procurement volume.

As at 30 June 2025, the Group has sufficient working capital and financial resources to support its regular operations.

Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB, since all of its operating subsidiaries are based in the PRC. As at 30 June 2025, most of the operating entities' revenues, expenses, assets and liabilities were denominated in RMB. The Group's foreign exchange risk mainly arises from the portion of its sales and purchases of products denominated in USD and JPY and financing activities denominated in HKD. The Directors are of the view that the Group does not have significant foreign currency risk.

Any future depreciation of RMB could adversely affect the value of any dividends the Group pays to the Shareholders. There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the RMB and other currencies. The Group currently does not engage in hedging activities designed or intended to manage such exchange rate risk.

Management Discussion and Analysis

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2025.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 3,302 employees, with 3,297 employees based in the PRC and 5 employees based in Hong Kong. For the six months ended 30 June 2025, the labour cost of the Group was RMB145.4 million, compared to RMB163.3 million for the corresponding period in 2024.

The Group's employee remuneration policy is determined by reference to factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotional assessment. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the six months ended 30 June 2025.

Other Information

INTERIM DIVIDEND

At the Board meeting held on 18 August 2025, it was resolved that an interim dividend of HK\$0.02 (equivalent to RMB0.018) per Share (2024 interim dividend: HK\$0.03 (equivalent to RMB0.027) per Share) be paid on or around 29 September 2025 to the Shareholders whose names appear on the Company's register of members on 8 September 2025 (i.e., record date). The dividend is intended to be ordinary in nature. The total amount of the dividend to be paid is approximately 50% of the consolidated after tax net profit of the Group for the six months ended 30 June 2025, which is similar to the basis of dividend paid for the same period last year.

The Company held no treasury shares (including any treasury shares held or deposited with Central Clearing and Settlement System ("**CCASS**")) as at the date of this interim report. Any treasury shares would not receive the dividend. If the Company repurchases any Shares before the ex-date for the dividend but has not withdrawn the Shares from CCASS for cancellation on or before the record date, the Company will instruct the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to exclude such repurchased Shares in determining the entitlements under the name of HKSCC Nominees Limited. The Company and its relevant broker will notify Hong Kong Securities Clearing Company Limited ("**HKSCC**") the number of such repurchased Shares held in CCASS, details of the broker and other information HKSCC may prescribe from time to time.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from 4 September 2025 to 8 September 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 3 September 2025.

INTERESTS OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix C3 of the Listing Rules, are as follows:

(i) Interest in the Company

Name of Director	Nature of interest	Number of securities ⁽³⁾	Approximate percentage of shareholding ⁽⁴⁾
Mr. Lee Rie-Ho ⁽¹⁾	Interest in a controlled corporation	188,789,000 (L)	17.42%
Mr. Lee Chia Ling ⁽²⁾	Settlor of The KCL Trust	378,273,000 (L)	34.91%
	Personal interest/individual	76,926,028 (L)	7.10%
Mr. Lee Kuo-Lin ⁽²⁾	Beneficiary of The KCL Trust	378,273,000 (L)	34.91%
Mr. Tseng Ming-Sung	Personal interest/individual	4,719,000 (L)	0.44%

Other Information

Notes:

- (1) *Discerning Group Limited is wholly-owned by Mr. Lee Rie-Ho, Mr. Lee Rie-Ho is deemed to be interested in the Shares held by Discerning Group Limited for the purpose of the SFO. Ms. Lee Tsai Li-Li is the wife of Mr. Lee Rie-Ho and is deemed to be interested in the Shares in which Mr. Lee Rie-Ho is deemed or taken to be interested for the purpose of the SFO.*
- (2) *The entire issued share capital of Trackson Investments Limited is held by Tiger Nature Holdings Limited ("**Tiger Nature**") which is in turn ultimately held by UBS TC (Jersey) Ltd. (through two nominee companies) as the trustee of The KCL Trust. The KCL Trust is a discretionary trust established by Mr. Lee Chia Ling as settlor on 12 April 2011. The beneficiaries of The KCL Trust include family members of Mr. Lee Chia Ling. Mr. Lee Chia Ling, Mr. Lee Kuo-Lin and Mr. Lee John L are deemed to be interested in 378,273,000 Shares held by The KCL Trust, Tiger Nature and Trackson Investments Limited pursuant to Part XV of the SFO. Ms. Zhou Nan-Nan is the spouse of Mr. Lee Chia Ling and is deemed to be interested in all the Shares of Mr. Lee Chia Ling by virtue of the SFO.*
- (3) *The letter "L" denotes long position in such Shares.*
- (4) *There were 1,083,532,460 Shares in issue as at 30 June 2025, including 239,000 Shares repurchased for cancellation but not yet cancelled.*

(ii) Interest in associated corporations

None of our Directors or chief executives has any interests or short positions in the Shares, underlying Shares and debentures of any associated corporations of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS

As at 30 June 2025, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity in which interests are held	Number of Shares ⁽⁵⁾	Approximate percentage of shareholding ⁽⁶⁾
Discerning Group Limited ⁽¹⁾	Registered owner	188,789,000 (L)	17.42%
Ms. Lee Tsai Li-Li ⁽¹⁾	Interest as a spouse	188,789,000 (L)	17.42%
UBS TC (Jersey) Ltd. ⁽²⁾ ⁽³⁾	Trustee	378,273,000 (L)	34.91%
Trackson Investments Limited ⁽²⁾	Registered owner	378,273,000 (L)	34.91%
Tiger Nature Holdings Limited ⁽²⁾	Interest in a controlled corporation	378,273,000 (L)	34.91%
The KCL Trust ⁽²⁾	Interest in a controlled corporation	378,273,000 (L)	34.91%
Mr. Lee John L ⁽²⁾	Beneficiary of The KCL Trust	378,273,000 (L)	34.91%
Ms. Zhou Nan-Nan ⁽²⁾	Interest as a spouse	455,199,028 (L)	42.01%
Spring Cheers Overseas Ltd.	Registered owner	90,379,023 (L)	8.34%
Mr. Tsai Shan Jen ⁽⁴⁾	Beneficial owner	9,449,028 (L)	
	Interest in a controlled corporation	46,731,649 (L)	
		56,180,677 (L)	5.18%

Other Information

Notes:

- (1) *Discerning Group Limited is wholly-owned by Mr. Lee Rie-Ho, Mr. Lee Rie-Ho is deemed to be interested in the Shares held by Discerning Group Limited for the purpose of the SFO. Ms. Lee Tsai Li-Li is the wife of Mr. Lee Rie-Ho and is deemed to be interested in the Shares in which Mr. Lee Rie-Ho is deemed or taken to be interested for the purpose of the SFO.*
- (2) *The entire issued share capital of Trackson Investments Limited is held by Tiger Nature which is in turn ultimately held by UBS TC (Jersey) Ltd. (through two nominee companies) as the trustee of The KCL Trust. The KCL Trust is a discretionary trust established by Mr. Lee Chia Ling as settlor on 12 April 2011. The beneficiaries of The KCL Trust include family members of Mr. Lee Chia Ling. Mr. Lee Chia Ling, Mr. Lee Kuo-Lin and Mr. Lee John L are deemed to be interested in 378,273,000 Shares held by The KCL Trust, Tiger Nature and Trackson Investments Limited pursuant to Part XV of the SFO. Ms. Zhou Nan-Nan is the spouse of Mr. Lee Chia Ling and is deemed to be interested in all the Shares of Mr. Lee Chia Ling by virtue of the SFO.*
- (3) *UBS TC (Jersey) Ltd. is the trustee of The KCL Trust, it is deemed to be interested in 378,273,000 Shares held by The KCL Trust.*
- (4) *Mr. Tsai Shan Jen was interested in 56,180,677 Shares, through (i) his personal interests in 9,449,028 Shares; and (ii) Ming Feng Holdings Co., Limited, wholly and beneficially owned by Mr. Tsai Shan Jen, which was interested in 46,731,649 Shares.*
- (5) *The letter “L” denotes long position in such Shares.*
- (6) *There were 1,083,532,460 Shares in issue as at 30 June 2025, including 239,000 Shares repurchased for cancellation but not yet cancelled.*

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2025, the Board is of the view that the Company has complied with Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules and there has been no deviation from the code provisions as set forth under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code for dealing in the securities transactions by the Directors. Specific enquiries have been made of all Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

Save as disclosed in the 2024 annual report of the Company, (i) Dr. Fan Ren Da, Anthony has resigned as an independent non-executive Director of each of CITIC Resources Holdings Limited, Haitong Securities Co Ltd (a company delisted on the main board of the Stock Exchange on 4 March 2025), Neo-Neon Holdings Limited and Technovator International Limited on 18 March 2025, 4 March 2025, 20 June 2025 and 17 June 2025, respectively; (ii) Mr. Lo Wah Wai has resigned as an independent non-executive director of Chongqing Machinery & Electric Co., Ltd. on 12 June 2025; and (iii) Mr. Lee Kwan Hung, Eddie has resigned as an independent non-executive director of NetDragon Websoft Holdings Limited on 5 June 2025.

Save as mentioned above, there is no change in information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the 2024 annual report of the Company.

Other Information

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2025, the Company repurchased a total of 603,000 Shares on the Stock Exchange at an aggregate consideration of HK\$2,006,520. On 21 January 2025, 10 April 2025 and 26 May 2025, respectively, 869,000, 106,000 and 223,000 Shares repurchased were cancelled. There were 239,000 Shares repurchased for cancellation but not yet cancelled as at 30 June 2025. Subsequently, the Company had repurchased a total of 65,000 Shares at the aggregate consideration of HK\$207,630 in July 2025 and on 9 July 2025 and 24 July 2025, respectively, 251,000 and 53,000 Shares repurchased were cancelled. As at the date of this interim report, all outstanding repurchased Shares were cancelled. There is no treasury shares held by the Company as at 30 June 2025 and the date of this interim report.

Details of the Share repurchases during the six months ended 30 June 2025 are as follows:

Month	Total number of Shares repurchased	Purchase price paid per Share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
2025				
January	35,000	3.96	3.67	132,430
March	61,000	3.50	3.37	208,810
April	167,000	3.46	3.30	564,390
May	221,000	3.39	3.12	718,470
June	119,000	3.31	3.12	382,420
	603,000			2,006,520

The Board considers that the current trading price of the Shares does not reflect their intrinsic value. The Board believes that the Share repurchases reflected the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for the Shareholders. The Board also believes that the Company's strong financial position will enable it to conduct the Share repurchases while maintaining a solid financial position for the continuation of the Company's business and growth in the current financial year.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the six months ended 30 June 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and risk management and internal control systems. The Audit Committee comprises four members, including three independent non-executive Directors and one non-executive Director, namely Mr. Lo Wah Wai, Dr. Huang Wei, Mr. Lee Kwan Hung, Eddie and Mr. Tseng Ming-Sung. The Audit Committee and the Company’s management have reviewed the accounting principles and practices adopted by the Group, and discussed risk management, internal control and financial reporting matters. The unaudited interim results and the interim report of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee. The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Other Information

PUBLICATION OF INTERIM REPORT

This interim report is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tenfu.com>). This interim report will be in due course made available for review on the aforesaid websites.

For and on behalf of the Board

Tenfu (Cayman) Holdings Company Limited

Lee Rie-Ho

Chairman

Hong Kong, 18 August 2025

Interim condensed consolidated balance sheet

As at 30 June 2025

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	6	637,587	669,973
Right-of-use assets	7	389,104	404,001
Investment properties	6	63,754	66,404
Intangible assets	6	3,205	3,449
Investments accounted for using the equity method	8	7,239	7,957
Deferred income tax assets		43,047	43,304
Prepayments – non-current portion	9	7,905	7,905
Long-term time deposits, with original maturity over one year	11	118,000	88,000
		1,269,841	1,290,993
Current assets			
Inventories	10	894,307	960,195
Trade and other receivables	9	149,442	245,488
Prepayments	9	76,536	88,281
Financial assets at fair value through profit or loss		3,411	3,490
Time deposits	11	13,000	18,000
Restricted cash	11	2,550	26,680
Cash and cash equivalents	11	542,366	340,492
		1,681,612	1,682,626
Total assets		2,951,453	2,973,619

Interim condensed consolidated balance sheet

As at 30 June 2025

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	Note		
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital	12	89,077	89,176
Treasury shares	12	(705)	(3,028)
Other reserves	13	6,691	10,778
Retained earnings		1,636,836	1,668,500
Total equity		1,731,899	1,765,426
LIABILITIES			
Non-current liabilities			
Borrowings	15	15,000	–
Lease liabilities	7	112,140	120,800
Deferred income on government grants		40,995	42,336
Deferred income tax liabilities		67,957	65,271
Other payables		6,000	6,000
		242,092	234,407

Interim condensed consolidated balance sheet

As at 30 June 2025

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	Note		
Current liabilities			
Trade and other payables	14	256,025	250,467
Current income tax liabilities		40,111	42,223
Borrowings	15	584,193	571,380
Contract liabilities	16	55,005	67,837
Lease liabilities	7	42,128	41,879
		977,462	973,786
Total liabilities		1,219,554	1,208,193
Total equity and liabilities		2,951,453	2,973,619

The notes on pages 33 to 70 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	Unaudited RMB'000	Unaudited RMB'000
Revenue	5	672,943	811,278
Cost of sales		(318,722)	(387,228)
Gross profit		354,221	424,050
Distribution costs		(156,275)	(184,470)
Administrative expenses		(127,243)	(144,064)
Net impairment reversal on financial assets		308	819
Other income	17	9,299	14,678
Other losses – net	18	(702)	(246)
Operating profit		79,608	110,767
Finance income	19	3,396	3,069
Finance costs	19	(12,473)	(11,963)
Finance costs – net	19	(9,077)	(8,894)
Share of net profits/(losses) of investments accounted for using the equity method		1,299	(2,054)
Profit before income tax		71,830	99,819
Income tax expense	21	(23,083)	(30,705)
Profit for the period attributable to the shareholders of the Company		48,747	69,114
Other comprehensive income for the period		–	–
Total comprehensive income for the period attributable to the shareholders of the Company		48,747	69,114
Earnings per share for profit attributable to the shareholders of the Company			
– Basic earnings per share	22	RMB0.04	RMB0.06
– Diluted earnings per share	22	RMB0.04	RMB0.06

The notes on pages 33 to 70 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2025

		Unaudited					
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		89,474	–	(9,112)	6,257	1,699,093	1,785,712
Profit and total comprehensive income for the six months ended 30 June 2024		–	–	–	–	69,114	69,114
Repurchase of shares	12	–	–	(957)	–	–	(957)
Cancellation of shares	12,13	(184)	–	9,922	(9,740)	–	(2)
Final dividend for 2023	23	–	–	–	–	(120,669)	(120,669)
Balance at 30 June 2024		89,290	–	(147)	(3,483)	1,647,538	1,733,198
Balance at 1 January 2025		89,176	–	(3,028)	10,778	1,668,500	1,765,426
Profit and total comprehensive income for the six months ended 30 June 2025		–	–	–	–	48,747	48,747
Repurchase of shares	12	–	–	(1,857)	–	–	(1,857)
Cancellation of shares	12,13	(99)	–	4,180	(4,087)	–	(6)
Final dividend for 2024	23	–	–	–	–	(80,411)	(80,411)
Balance at 30 June 2025		89,077	–	(705)	6,691	1,636,836	1,731,899

The notes on pages 33 to 70 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated cash flow statement

For the six months ended 30 June 2025 (unaudited)

		Six months ended 30 June	
		2025	2024
	Note	Unaudited RMB'000	Unaudited RMB'000
Cash flows from operating activities			
Cash generated from operations		322,750	172,208
Interest paid		(8,540)	(9,277)
Income tax paid		(22,252)	(36,374)
Net cash inflow from operating activities		291,958	126,557
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(9,723)	(45,332)
Changes in investments in time deposits	11	(25,000)	(30,000)
Proceeds from disposal of property, plant and equipment and intangible assets		2,725	120
Interest received		3,012	1,246
Proceeds from disposal of a joint venture		–	100,000
Dividends received from a joint venture		1,714	8,710
Dividends received from associates		1,287	
Asset-related government grants received		–	1,067
Net cash (outflow)/inflow from investing activities		(25,985)	35,811
Cash flows from financing activities			
Repurchase of shares of the Company		(1,863)	(959)
Proceeds from borrowings		443,333	312,100
Repayments of borrowings		(415,520)	(247,440)
Principal elements of lease payments		(32,746)	(33,269)
Changes in restricted cash pledged for letter of credit and notes payable	11	24,130	(1,580)
Dividends paid to the shareholders of the Company	23	(80,411)	(120,669)
Net cash outflow from financing activities		(63,077)	(91,817)
Net increase in cash and cash equivalents			
Effect of foreign exchange rate changes		(1,022)	453
Cash and cash equivalents at beginning of the period		340,492	275,127
Cash and cash equivalents at end of the period	11	542,366	346,131

The notes on pages 33 to 70 are an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

1 GENERAL INFORMATION

Tenfu (Cayman) Holdings Company Limited (the “Company”) and its subsidiaries (together, the “Group”) are engaged in the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, sales of tea ware and sales of pre-packaged food. The Group has manufacturing plants in Fujian Province, Sichuan Province, Guangxi Zhuang Autonomous Region, Guizhou Province and Zhejiang Province, the People’s Republic of China (the “PRC”) and sells mainly to customers located in the PRC.

The Company was incorporated in the Cayman Islands on 22 April 2010 as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s ordinary shares have been listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 26 September 2011.

These interim condensed consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These interim condensed consolidated financial statements set out on pages 27 to 70 have been approved for issue by the Company’s board of directors (the “Board”) on 18 August 2025.

These interim condensed consolidated financial statements have not been audited.

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements for the half-year reporting period ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

2 BASIS OF PREPARATION (CONTINUED)

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

2 BASIS OF PREPARATION (CONTINUED)

- (b) The following standards and interpretations have been issued but were not mandatory for annual reporting periods ending on 31 December 2025 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

There have been no changes in the risk management department since 2024 year end or in any risk management policies.

4.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by maintaining adequate amount of cash and cash equivalents.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Liquidity risk (continued)

As at 30 June 2025	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	584,193	15,000	–	–	599,193
Interest payments on borrowings (note)	8,576	104	–	–	8,680
Lease liabilities	43,169	44,124	44,372	30,196	161,861
Trade and other payables	213,712	–	–	–	213,712
Other payables	–	–	–	6,000	6,000
	849,650	59,228	44,372	36,196	989,446

As at 31 December 2024	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	571,380	–	–	–	571,380
Interest payments on borrowings (note)	9,995	–	–	–	9,995
Lease liabilities	42,803	42,992	48,741	35,558	170,094
Trade and other payables	192,038	–	–	–	192,038
Other payables	–	–	–	6,000	6,000
	816,216	42,992	48,741	41,558	949,507

Note: The interest payments on borrowings are calculated based on borrowings held as at 30 June 2025 and 31 December 2024 respectively (excluding the accrued interest payable balance already in trade and other payables) without taking into account future borrowings.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation

The table below analyses the Group's financial instruments and investment properties carried at fair value as at 30 June 2025 by valuation method. The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2025 and 31 December 2024.

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
FVPL		
– Level 1	269	399
– Level 3	3,142	3,091
	3,411	3,490

During the six months ended 30 June 2025, there are no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 items for the periods ended 30 June 2025 and 31 December 2024:

	Wealth management product
Opening balance as at 1 January 2024	3,141
Losses recognised in other losses	(50)
Closing balance 31 December 2024	3,091
Gains recognised in other losses	51
Closing balance as at 30 June 2025	3,142

As at 30 June 2025 and 31 December 2024, the carrying amounts of financial assets at fair value through profit or loss approximated their fair values.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a product perspective. The Board assesses the performance of the operating segments based on a measure of segment profit or loss.

The reportable operating segments derive their revenue primarily from the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, and sales of tea ware.

Others include revenue from restaurants, hotels, tourists, management services and catering management, beverage production and sales of pre-packaged food and liquor. These are not included within the reportable operating segments as they are not presented separately in the reports provided to the Board.

No geographical segment information is presented as almost all the sales and operating profits of the Group are derived within the PRC and almost all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the interim condensed consolidated financial statements. The common administrative expenses, other gains or losses, other income, financing (including finance costs and interest income), share of results of investments accounted for using equity method and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets consist primarily of right-of-use assets, property, plant and equipment, intangible assets, inventories, trade and other receivables, prepayments, as well as time deposits, cash and cash equivalents and restricted cash held by subsidiaries in mainland China. They exclude investment properties, deferred income tax assets and prepaid tax, as well as time deposits, cash and cash equivalents and restricted cash held by the Company and overseas subsidiaries.

Segment liabilities comprise operating liabilities. They exclude deferred income tax liabilities, current income tax liabilities, dividends payable and other payables due to related parties and directors' and senior management's emoluments payable.

Revenue of the Group consists of the following revenue for the six months ended 30 June 2025 and 2024. All revenue is derived from external customers.

	Six months ended 30 June	
	2025	2024
	Unaudited RMB'000	Unaudited RMB'000
Sales of tea leaves	462,654	571,793
Sales of tea snacks	96,543	110,100
Sales of tea ware	86,943	101,728
Others	26,803	27,657
	672,943	811,278

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2025:

	Unaudited				
	Tea leaves	Tea snacks	Tea ware	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	462,654	96,543	86,943	26,803	672,943
Segment cost of goods sold	(208,075)	(47,374)	(51,169)	(12,104)	(318,722)
Segment results	66,458	9,073	6,356	1,843	83,730
Unallocated administrative expenses					(12,719)
Other income					9,299
Other losses – net					(702)
Finance costs – net					(9,077)
Share of net profits of investments accounted for using the equity method					1,299
Profit before income tax					71,830
Income tax expense					(23,083)
Profit for the period					48,747

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2025:

	Unaudited					Total RMB'000
	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	Others RMB'000	Unallocated RMB'000	
Depreciation of property, plant and equipment	20,138	5,988	3,310	1,248	6,258	36,942
Depreciation of investment properties	1,204	308	308	–	830	2,650
Depreciation and amortisation of right-of-use assets	25,239	5,196	4,496	916	–	35,847
Amortisation of intangible assets	22	3	4	–	214	243
Losses on disposal of property, plant and equipment, net	291	46	50	–	–	387

The segment assets and liabilities as at 30 June 2025 are as follows:

	Unaudited					Total RMB'000
	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	Others RMB'000	Unallocated RMB'000	
Segment assets	1,804,509	283,307	341,954	204,176	317,507	2,951,453
Segment liabilities	635,393	98,800	79,642	7,450	398,269	1,219,554

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2024:

	Unaudited				
	Tea leaves	Tea snacks	Tea ware	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	571,793	110,100	101,728	27,657	811,278
Segment cost of goods sold	(257,622)	(55,229)	(61,159)	(13,218)	(387,228)
Segment results	91,056	11,463	8,717	(1,778)	109,458
Unallocated administrative expenses					(13,123)
Other income					14,678
Other losses – net					(246)
Finance costs – net					(8,894)
Share of net losses of investments accounted for using the equity method					(2,054)
Profit before income tax					99,819
Income tax expense					(30,705)
Profit for the period					69,114

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2024:

	Unaudited					Total RMB'000
	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	Others RMB'000	Unallocated RMB'000	
Depreciation of property, plant and equipment	21,991	6,896	3,724	1,532	6,531	40,674
Depreciation of investment properties	1,208	295	298	–	732	2,533
Depreciation and amortisation of right-of-use assets	27,844	5,334	4,780	617	–	38,575
Amortisation of intangible assets	101	17	24	5	373	520
Losses on disposal of property, plant and equipment, net	125	19	20	(4)	–	160

The segment assets and liabilities as at 31 December 2024 are as follows:

	Audited					Total RMB'000
	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	Others RMB'000	Unallocated RMB'000	
Segment assets	1,885,257	287,708	347,787	206,879	245,988	2,973,619
Segment liabilities	600,657	102,253	80,267	10,625	414,391	1,208,193

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

6 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Investment properties RMB'000	Intangible assets RMB'000
Six months ended 30 June 2025 (unaudited)			
Opening net book amount as at 1 January 2025	669,973	66,404	3,449
Additions	7,667	–	–
Disposals	(3,111)	–	(1)
Depreciation and amortisation	(36,942)	(2,650)	(243)
Closing net book amount as at 30 June 2025	637,587	63,754	3,205
Six months ended 30 June 2024 (unaudited)			
Opening net book amount as at 1 January 2024	668,748	74,557	4,449
Additions	41,680	–	–
Transfer	3,029	(3,029)	–
Disposals	(280)	–	–
Depreciation and amortisation	(40,674)	(2,533)	(520)
Closing net book amount as at 30 June 2024	672,503	68,995	3,929

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

6 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)

As at 30 June 2025, the fair value of the investment properties is RMB77,711,000 (31 December 2024: RMB84,256,000), with carrying amount of RMB63,754,000 (31 December 2024: RMB66,404,000). At the end of each reporting period, the Group updates the assessment of the fair value of each investment property, taking into account the most recent independent valuations.

The Group determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Group considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Impairment tests for goodwill

The intangible assets as at 30 June 2025 and 31 December 2024 include goodwill of RMB1,078,000 which arose from the acquisition of Anxi Tianfu Tea Co., Ltd. ("Anxi Tianfu") during the year 2021, as well as goodwill of RMB1,740,000 which arose from the acquisition of Xiamen Tianqia Catering Management Co., Limited ("Tian Qia") during the year 2013.

Management reviews the business performance based on type of business. Goodwill is monitored by the management at the operating segment level.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

6 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

In the year ended 31 December 2024 and the six months ended 30 June 2025, goodwill which arose from the acquisition of Anxi Tianfu is allocated to tea leaves segment, and goodwill which arose from the acquisition of Tian Qia is allocated to the business of catering management, beverage production and sales of pre-packaged food, which did not qualify as a reportable operating segment.

The recoverable amount of a CGU is determined based on value-in-use calculations. Management believes that the tea leaves business requires continued investment in brand building as well as enlarging the sales network to achieve long term profit growth. These calculations use cash flow projections based on financial forecast approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the retail businesses in which the CGU operates.

Key assumptions used for value-in-use calculations for the six months ended 30 June 2025 and the year 2024 are as follows:

	Tea leaves	Others
– Gross margin	52%	36%
– Long term growth rate	2%	2%
– Discount rate	12%	12%

Management determined forecasted gross margins based on past performance and its expectations for market development. The long term growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the Group's business. Management determined no impairment loss were charged to these interim condensed consolidated financial statements.

Based on management's assessment and up to 30 June 2025, no impairment charge was made on the goodwill.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

7 LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Right-of-use assets		
– Land use rights	238,226	245,306
– Retail shops	150,878	158,695
	389,104	404,001
Lease liabilities		
– Current	42,128	41,879
– Non-current	112,140	120,800
	154,268	162,679

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

7 LEASES (CONTINUED)

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Unaudited Six months ended 30 June					
	2025			2024		
	Retail Shops	Land use rights	Total	Retail Shops	Land use rights	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation charge of right-of-use assets (Note 20)						
Distribution costs	25,412	5,484	30,896	28,613	6,012	34,625
Administrative expenses	3,355	156	3,511	2,354	156	2,510
Cost of sales	–	1,440	1,440	–	1,440	1,440
	28,767	7,080	35,847	30,967	7,608	38,575
Interest expense (including in finance cost) (Note 19)			3,386			3,949
Expense relating to short-term leases			8,289			12,293
Total charges to the statement of comprehensive income			47,522			54,817

The total cash outflow for leases during the period was RMB32,746,000(30 June 2024: RMB33,269,000).

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

8 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Joint ventures	6,270	7,263
Associates	969	694
	7,239	7,957

The carrying amount of equity-accounted investments has changed as follows in the six months to June 2025:

	Six months ended 30 June 2025 RMB'000	Six months ended 30 June 2024 RMB'000
Beginning of the period	7,957	120,505
Disposal	–	(100,000)
Share of net profits/(losses)	1,299	(2,054)
Cash dividends declared	(2,017)	(9,337)
End of the period	7,239	9,114

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(i) Trade and other receivables

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Trade receivables due from third parties	126,763	222,395
Trade receivables due from related parties (Note 24(b))	8,391	9,548
Total trade receivables	135,154	231,943
Less: provision for impairment	(1,249)	(1,557)
Trade receivables, net	133,905	230,386
Interest receivable on time deposits	4,427	4,043
Dividend receivable from investment in associates	1,671	2,655
Others	9,439	8,404
	15,537	15,102
Trade and other receivables	149,442	245,488

Most of the Group's sales are settled in cash or in bills by its customers. Credit sales are made to selected customers with good credit history with a credit term of 140 days.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(i) Trade and other receivables (continued)

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Up to 140 days	123,604	224,427
141 days to 6 months	2,046	1,629
6 months to 1 year	7,333	4,282
1 year to 2 years	1,485	704
Over 2 years	686	901
	135,154	231,943

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(ii) Prepayments

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Non-current		
Prepayments for property, plant and equipment	7,905	7,905
Current		
Prepayments for lease of property and lease deposits	18,154	22,143
Prepayments to related parties (Note 24(b))	1,521	12,034
Prepayments for raw materials and packaging materials	37,493	34,838
Tax recoverable	19,368	19,266
	76,536	88,281
	84,441	96,186

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

10 INVENTORIES

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Raw materials and packaging materials	304,484	325,929
Work in progress	234,398	239,845
Finished goods	355,425	394,421
	894,307	960,195

11 CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Long-term time deposits, with original maturity over one year	118,000	88,000
Time deposits	13,000	18,000
Short-term restricted cash	2,550	26,680
Cash and cash equivalents	542,366	340,492
Total cash at bank and on hand	675,916	473,172

The weighted average effective interest rate on cash placed with banks and deposits for the six months ended 30 June 2025 was 1.34% per annum (six months ended 30 June 2024: 1.35% per annum).

As at 30 June 2025, a subsidiary of the Group pledged time deposits of RMB2,550,000 as collateral for issue of notes payable amounting to RMB8,500,000.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

12 SHARE CAPITAL AND TREASURY SHARES

	Number of authorised shares (thousands)	Number of issued shares (thousands)	Unaudited		
			Ordinary shares (nominal value) RMB'000	Treasury shares RMB'000	Total RMB'000
At 1 January 2024	8,000,000	1,088,377	89,474	(9,112)	80,362
Repurchase of shares	–	–	–	(957)	(957)
Cancellation of shares	–	(2,247)	(184)	9,922	9,738
At and 30 June 2024	8,000,000	1,086,130	89,290	(147)	89,143
At 1 January 2025	8,000,000	1,084,730	89,176	(3,028)	86,148
Repurchase of shares	–	–	–	(1,857)	(1,857)
Cancellation of shares	–	(1,198)	(99)	4,180	4,081
At and 30 June 2025	8,000,000	1,083,532	89,077	(705)	88,372

(i) Details of treasury shares

	Number of issued shares (thousands)
At 1 January 2024	2,034
Repurchase of shares	248
Cancellation of shares	(2,247)
At 30 June 2024	35
At 1 January 2025	834
Repurchase of shares	603
Cancellation of shares	(1,198)
At 30 June 2025	239

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

12 SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(i) Details of treasury shares (continued)

The Company repurchased 248,000 ordinary shares of its own through the Stock Exchange from 1 January 2024 to 30 June 2024. The total value of shares repurchased was approximately HKD1,054,000 (approximately RMB957,000) and has been deducted from shareholders' equity, and the actual payment made for the repurchase was RMB959,000 due to the directly attributable incremental costs for shares repurchased before the shares are cancelled.

As at 30 June 2024, the Company cancelled 2,247,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,088,377,460 to 1,086,130,460. The amount of share capital was deducted accordingly.

The Company repurchased 603,000 ordinary shares of its own through the Stock Exchange from 1 January 2025 to 30 June 2025. The total value of shares repurchased was approximately HKD2,014,000 (approximately RMB1,857,000) and has been deducted from shareholders' equity, and the actual payment made for the repurchase was RMB1,863,000 due to the directly attributable incremental costs for shares repurchased before the shares are cancelled.

As at 30 June 2025, the Company cancelled 1,198,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,084,730,460 to 1,083,532,460. The amount of share capital was deducted accordingly.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

13 OTHER RESERVES

	Unaudited				Total RMB'000
	Merger reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Others RMB'000	
At 1 January 2024	278,811	231	342,056	(614,841)	6,257
Cancellation of shares	-	-	-	(9,740)	(9,740)
At 30 June 2024	278,811	231	342,056	(624,581)	(3,483)
At 1 January 2025	278,811	231	361,002	(629,266)	10,778
Cancellation of shares	-	-	-	(4,087)	(4,087)
At 30 June 2025	278,811	231	361,002	(633,353)	6,691

During the six months ended 30 June 2025, the Company cancelled 1,198,000 shares (six months ended 30 June 2024: 2,247,000 shares) repurchased, resulted in a reduction to other reserve by RMB4,087,000 (six months ended 30 June 2024: RMB9,740,000) including the expenses attributable to the cancellation.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

14 TRADE AND OTHER PAYABLES

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Trade payables – due to third parties	68,173	69,017
Trade payables – due to related parties (Note 24(b))	25,177	15,026
Total trade payables	93,350	84,043
Notes payable	8,500	–
Deposits	88,728	88,965
Payables for property, plant and equipment	2,005	4,508
Other taxes payable	16,339	23,782
Employee benefit payables	25,973	34,647
Others	21,130	14,522
	256,025	250,467

The ageing analysis of trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Up to 6 months	93,083	83,728
6 months to 1 year	–	32
1 year to 2 years	23	45
Over 2 years	244	238
	93,350	84,043

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For the six months ended 30 June 2025 (unaudited)

15 BORROWINGS

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Long-term bank borrowings		
– Guaranteed and unsecured	15,000	59,760
Less: Long-term borrowings to be settled within one year	–	(59,760)
Total guaranteed and unsecured (i)	15,000	–
Short-term bank borrowings		
– Guaranteed and unsecured	559,193	486,620
Add: Long-term borrowings to be settled within one year	–	59,760
Total guaranteed and unsecured (ii)	559,193	546,380
– Unguaranteed and unsecured	25,000	25,000
Total short-term bank borrowings	584,193	571,380
Total borrowings	599,193	571,380

- (i) As at 30 June 2025, long-term bank borrowings of RMB15,000,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are directors of the Company, and the subsidiaries of the Company, either separately or jointly. The borrowing bears interest at the rates quoted by People's Bank of China from time to time and requires one time repayment at 2026.
- (ii) As at 30 June 2025, short-term bank borrowings of RMB559,193,000 (31 December 2024: RMB546,380,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are directors of the Company, and the subsidiaries of the Company, either separately or jointly.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

16 CONTRACT LIABILITIES

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Advance receipts from customers	44,817	56,177
Deferred revenue: customer loyalty programme	10,188	11,660
	55,005	67,837

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to redeem products of the Group in the future. Accordingly certain portion of the revenue from sale transaction is required to be deferred. Revenue from the reward points is recognised when the points are redeemed. Unused reward points will expire within one year.

17 OTHER INCOME

	Six months ended 30 June 2025 Unaudited RMB'000	2024 Unaudited RMB'000
Government grants	2,862	6,612
Income from investment properties	6,114	6,453
Others	323	1,613
	9,299	14,678

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For the six months ended 30 June 2025 (unaudited)

18 OTHER LOSSES – NET

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment, net	387	160
Net foreign exchange losses	236	89
Net fair value losses/(gains) on financial assets at fair value through profit or loss	79	(3)
	702	246

19 FINANCE COSTS – NET

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	3,396	2,616
– Net foreign exchange gains	–	453
Total finance income	3,396	3,069
Finance costs		
– Interest expenses on bank borrowings	(8,512)	(9,068)
– Less: amounts capitalised in qualifying assets	447	1,054
– Interest expenses on lease liabilities (Note 7)	(3,386)	(3,949)
– Net foreign exchange losses	(1,022)	–
Total finance costs	(12,473)	(11,963)
Net finance costs	(9,077)	(8,894)

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

20 DEPRECIATION AND AMORTISATION EXPENSES

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Depreciation of investment properties	2,650	2,533
Depreciation and amortisation of right-of-use assets	35,847	38,575
Depreciation of property, plant and equipment	36,942	40,674
Amortisation of intangible assets	243	520

21 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	20,140	26,429
Deferred income tax	2,943	4,276
Income tax expense	23,083	30,705

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

For the six months ended 30 June 2025 and 2024, Hong Kong profits tax has not been provided for subsidiaries incorporated in Hong Kong as these subsidiaries did not have estimated assessable profit for the period.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

21 INCOME TAX EXPENSE (CONTINUED)

(iii) PRC corporate income tax ("CIT")

For the six months ended 30 June 2025 and 2024, the applicable corporate income tax rate for Mainland China subsidiaries is 25% except for subsidiaries which are qualified as small and micro enterprises and would be entitled to enjoy a beneficial tax rate of 5%.

(iv) PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, including those incorporated in Hong Kong.

Such withholding tax is recorded under deferred income tax. For the six months ended 30 June 2025, Tenfu (Hong Kong) Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the six months ended 30 June 2024: 5%), on its estimate of deferred income tax. Ten Rui (Hong Kong) Sales Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the six months ended 30 June 2024: 5%), on its estimate of deferred income tax.

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For the six months ended 30 June 2025 (unaudited)

21 INCOME TAX EXPENSE (CONTINUED)

(v) The Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules

The Group has operations mainly in Mainland China, Hong Kong, Cayman Islands and British Virgin Islands. It is within the scope of the OECD Pillar Two model rules. The Pillar Two model rules in Hong Kong came into effect from 1 January 2025. As of the reporting date, there is no public announcement in jurisdictions including Mainland China, Cayman Islands and British Virgin Islands.

The Group has performed an assessment of the potential exposure of the Group with respect to Pillar Two Global Anti-Base Erosion Proposal (“GloBE”) Rules. The assessment is based on the most recently available financial information and financial performance. The Group has estimated that the potential exposure for the reporting period ended 30 June 2025 is immaterial.

22 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
Profit attributable to the shareholders of the Company (RMB'000)	48,747	69,114
Weighted average number of ordinary shares in issue ('000)	1,083,698	1,086,241
Basic earnings per share (RMB)	0.04	0.06

Diluted earnings per share for the six months ended 30 June 2025 and 2024 were the same as the basic earnings per share as there were no dilutive instruments during the periods.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

23 DIVIDENDS

	Six months ended 30 June	
	2025	2024
	Unaudited RMB'000	Unaudited RMB'000
Interim dividend declared	19,504	29,326

An interim dividend for 2025 of HKD2 cents (equivalent to RMB1.8 cents) (interim dividend for 2024: HKD3 cents (equivalent to RMB2.7 cents)) per share was declared by the Board on 18 August 2025 using RMB19,504,000 of the retained earnings (interim dividend for 2024: RMB29,326,000). This interim dividend, amounting to HKD21,671,000 (equivalent to RMB19,504,000) (interim dividend for 2024: HKD32,584,000 (equivalent to RMB29,326,000)), has not been recognised as liability in these interim condensed consolidated financial statements. It will be reflected as an appropriation of retained earnings for the year ending 31 December 2025. Similarly, the interim dividend for 2024 declared by the Board on 19 August 2024 was reflected as an appropriation of retained earnings for the year ended 31 December 2024 after 30 June 2024.

The final dividend for 2024 of HKD86,778,000 (equivalent to RMB80,411,000) and the one for 2023 of HKD130,605,000 (equivalent to RMB120,669,000) had been reflected as an appropriation of retained earnings for the six months ended 30 June 2025 and 2024 respectively after obtaining the approval from the shareholders at the Company's annual general meeting held on 9 May 2025 and 10 May 2024 respectively.

The dividend paid in the six months ended 30 June 2025 were RMB80,411,000 (six months ended 30 June 2024: RMB120,669,000).

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

24 RELATED-PARTY TRANSACTIONS

The Group is controlled by Mr. Lee Rie-Ho and Mr. Lee Chia Ling ("Controlling Shareholders"). The entities owned by the Controlling Shareholders, key management, their affiliates and the Group's joint ventures are regarded as related parties. Tenfu Group (Samoa) Holdings Company Limited ("SAMOA") is wholly owned by Mr. Lee Chia Ling. SAMOA and its subsidiaries are regarded as related parties.

(a) Transactions with related parties

The following transactions are carried out by the Group with related parties:

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
(i) Purchases of goods and services		
– Subsidiaries of SAMOA	36,424	52,673
– A company controlled by the Controlling Shareholders	3,336	6,440
– Joint venture	921	11,933
– Associates	3,669	–
	44,350	71,046

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

24 RELATED-PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
(ii) Sales of goods		
– Subsidiaries of SAMOA	4,023	2,073
– Associates	5,831	1,861
	9,854	3,934
(iii) Rental expenses		
– The Controlling Shareholders and their affiliates	1,538	1,825
– A company controlled by an affiliate of the Controlling Shareholders	1,067	1,064
	2,605	2,889
(iv) Right-of-use assets		
– The Controlling Shareholders and their affiliates	9,874	10,249
– A company controlled by an affiliate of the Controlling Shareholders	6,213	6,639
	16,087	16,888
(v) Key management compensation	3,329	3,256

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

24 RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

The Group has the following balances with its related parties as at 30 June 2025 and 31 December 2024:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
(i) Prepayments to related parties (Note 9(ii))		
– Subsidiaries of SAMOA	1,521	12,034
(ii) Due to related parties (Note 14)		
Trade related		
– Subsidiaries of SAMOA	25,071	14,654
– Joint venture	14	–
– Associates	92	372
	25,177	15,026
(iii) Due from related parties (Note 9(i))		
Trade related		
– Subsidiaries of SAMOA	7,853	8,230
– Associates	538	1,318
	8,391	9,548

The payables to related parties arise mainly from purchase transactions. The payables bear no interest and are repayable on demand.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2025 (unaudited)

24 RELATED-PARTY TRANSACTIONS (CONTINUED)

(c) Borrowings guaranteed by related parties

As at 30 June 2025, long-term bank borrowings of RMB15,000,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are directors of the Company, either separately or jointly.

As at 30 June 2025, short-term bank borrowings of RMB559,193,000 (31 December 2024: RMB546,380,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are directors of the Company, either separately or jointly.