



小菜園國際控股有限公司

Xiaocaiyuan International Holding Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 0999

小菜園
母親的味道！

只開直營店
品質更放心



2025

Interim Report

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Shugao (*Chairman and general manager*)

Mr. Li Daoqing

Mr. Tian Chunyong

Mr. Zhou Bin

Ms. Wang Weifang

Mr. Tao Xu'an

Non-executive Directors

Ms. Zhu Xuejing (*appointed on March 7, 2025*)

Mr. Law Wing Cheung Ryan (*resigned on March 7, 2025*)

Independent Non-executive Directors

Mr. Qian Mingxing

Mr. Zhu Nanjun

Mr. Zeng Xiaosong

Ms. Fang Xuan

JOINT COMPANY SECRETARIES

Ms. She Mingzhu

Ms. Au Wing Han (*ACG*)

AUTHORIZED REPRESENTATIVES

Mr. Li Daoqing

Ms. She Mingzhu

AUDIT COMMITTEE

Mr. Zhu Nanjun (*Chairman*)

Mr. Qian Mingxing

Ms. Fang Xuan

REMUNERATION COMMITTEE

Ms. Fang Xuan (*Chairlady*)

Mr. Wang Shugao

Mr. Zeng Xiaosong

NOMINATION COMMITTEE

Mr. Wang Shugao (*Chairman*)

Mr. Qian Mingxing

Mr. Zhu Nanjun

Ms. Fang Xuan (*appointed on August 15, 2025*)

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited

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103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

REGISTERED OFFICE

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 803, Building 2-B4 and B5

Big Dipper City, Tongguan District

Tongling, Anhui Province

PRC



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 15-60, Level 15, Lee Garden Two
28 Yun Ping Road, Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Tongling Shicheng Road Branch
No. 56 Shicheng Road
Tongguan District
Tongling, Anhui Province
PRC

China Merchants Bank Co., Ltd.
Nanjing Branch Operation Department
China Merchants Bank Tower, No. 199 Lushan Road
Jianye District
Nanjing, Jiangsu Province
PRC

Agricultural Bank of China Limited
Tongling Tongdu Branch
No. 2755, 2761 Changjiang West Road
Tongguan District
Tongling, Anhui Province
PRC

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Tian Yuan Law Firm
509, Tower A, International Enterprise Building
35 Financial Street
Xicheng District, Beijing
PRC

As to Cayman Islands law:

Harney Westwood & Riegels
3501, The Center
99 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Accounting and Financial
Reporting Council Ordinance
8/F Prince's Building
10 Chater Road
Central, Hong Kong

COMPANY'S WEBSITE

www.xiaocaiyuan.com

STOCK CODE

0999



FINANCIAL SUMMARY

Set out below is a summary of the Group's results for the six months ended June 30, 2025 and its assets and liabilities as at June 30, 2025:

RESULTS

	For the six months ended June 30,		
	2025	2024	Change
	(unaudited)	(unaudited)	(%)
	(RMB in thousands, except for percentages)		
Revenue	2,713,666	2,547,463	6.5%
Profit before taxation	542,313	380,860	42.4%
Income tax	(159,916)	(98,981)	61.6%
Profit for the period	382,397	281,879	35.7%
Attributable to:			
Equity shareholders of the Company	382,397	281,879	35.7%
Total comprehensive income for the period	382,139	282,463	35.3%
Basic earnings per share (RMB)	0.33	0.27	22.2%
Diluted earnings per share (RMB)	0.33	0.27	22.2%

ASSETS AND LIABILITIES

	June 30,	December 31,	Change
	2025	2024	(%)
	(unaudited)		
	(RMB in thousands, except for percentages)		
Total assets	3,695,449	3,587,900	3.0%
Total liabilities	1,322,895	1,222,485	8.2%
Net assets	2,372,554	2,365,415	0.3%



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

China's economic and social landscapes are experiencing complex and significant transformations. Firstly, the per capita disposable income of urban households remains stable but slight growth at a slower rate, fueling a growing demand for mass Chinese cuisine. Secondly, the mass Chinese cuisine market is further propelled by urbanization in China. Thirdly, substantial changes in the demographic structure also transform the development of the catering industry in China, in particular stimulating the growth of the sub-segment with average spending per consumer below RMB100. As a result, the dynamic and evolving mass Chinese cuisine market accommodates the persistent and increasing demand of the vast consumer base for affordable dining experiences, demonstrating its immense size and growth potential. Given the long-term established leadership of our *Xiaocaiyuan* brand in the mass Chinese cuisine market with average spending per consumer between RMB50 and RMB100, coupled with our expansion into the sub-segment with average spending per consumer below RMB50, we believe that the present market dynamics and future growth prospects present favorable external conditions and opportunities for our sustainable development.

Business Review

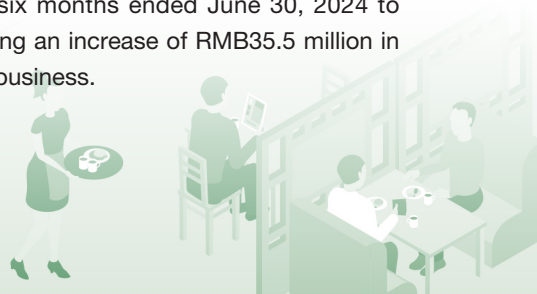
We are one of the renowned self-operated chain restaurants in China's mass Chinese cuisine market. Capitalizing on our deep comprehension of China's evolving catering industry, the anticipated modernization and industrialization in the industry, and the inherent consumer demand, we strategically ventured into the growing mass Chinese cuisine sector. Since our establishment in 2013, we have been striving to offer consumers home-style cooking flavor dishes and attentive services at affordable prices. We aspire to establish our *Xiaocaiyuan* restaurants as the "home kitchen" widely acknowledged by Chinese consumers. We continuously drive the steady improvement of business performance by continuously optimizing operational efficiency, strictly managing costs and expenses, and deepening refined management.

Revenue

We mainly generated revenue from restaurant operations and delivery business. The following table sets out a breakdown of our revenue by business line for the periods indicated:

	For the six months ended June 30,			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Restaurant operations	1,647,139	60.7	1,611,603	63.3
Delivery business	1,057,411	39.0	929,709	36.5
Others	9,116	0.3	6,151	0.2
Total	2,713,666	100.0	2,547,463	100.0

The Group's revenue increased by 6.5% from RMB2,547.5 million for the six months ended June 30, 2024 to RMB2,713.7 million for the six months ended June 30, 2025, primarily reflecting an increase of RMB35.5 million in our restaurant operations and an increase of RMB127.7 million in our delivery business.



MANAGEMENT DISCUSSION AND ANALYSIS

Restaurant Operations

Revenue from our restaurant operations increased by 2.2% from RMB1,611.6 million for the six months ended June 30, 2024 to RMB1,647.1 million for the six months ended June 30, 2025, primarily due to an increase in the number of restaurants in operation. We had 672 *Xiaocaiyuan* restaurants in operation as at June 30, 2025 as compared to 617 *Xiaocaiyuan* restaurants as at June 30, 2024.

Delivery Business

Revenue from our delivery business increased by 13.7% from RMB929.7 million for the six months ended June 30, 2024 to RMB1,057.4 million for the six months ended June 30, 2025, primarily due to an increase in the number of our delivery orders of our *Xiaocaiyuan* restaurants from 12.8 million for the six months ended June 30, 2024 to 16.8 million for the six months ended June 30, 2025, attributable to (i) an increase in the number of restaurants which offered delivery service aligned with the expansion of our restaurant network, and (ii) our increased appeal in online food delivery platforms.

Key Performance Indicators

The following table sets forth the distribution of the number and revenue of our *Xiaocaiyuan* restaurants across different tiers of cities in China as of the dates and for the periods indicated:

	For the six months ended June 30,					
	2025			2024 ⁽¹⁾		
	<i>Number of restaurants</i>	<i>Total revenue (RMB'000)</i>	<i>%</i>	<i>Number of restaurants</i>	<i>Total revenue (RMB'000)</i>	<i>%</i>
First-tier cities	109	480,298.6	17.8	93	448,977.0	17.8
New first-tier cities	192	793,823.7	29.5	176	733,145.9	29.1
Second-tier cities	80	330,310.9	12.3	76	307,893.6	12.2
Third-tier cities and below (including county-level cities and counties)	291	1,086,906.3	40.4	272	1,030,830.8	40.9
Total	672	2,691,339.5	100.0	617	2,520,847.3	100.0

Note:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).



MANAGEMENT DISCUSSION AND ANALYSIS

We use a number of financial and operating indicators to evaluate the performance of our *Xiaocaiyuan* restaurants. The following table sets forth certain key performance indicators of our *Xiaocaiyuan* restaurants during the periods indicated:

	For the six months ended June 30,	
	2025	2024 ⁽¹⁾
Average spending per dine-in customer⁽²⁾ (RMB)		
First-tier cities	58.5	62.7
New first-tier cities	56.8	60.4
Second-tier cities	57.9	60.7
Third-tier cities and below (including county-level cities and counties)	56.5	59.4
Total	57.1	60.4
Table turnover rate⁽³⁾ (times/day)		
First-tier cities	3.1	3.2
New first-tier cities	3.1	3.1
Second-tier cities	3.4	3.3
Third-tier cities and below (including county-level cities and counties)	3.0	3.0
Overall	3.1	3.1

Notes:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).
- (2) Average spending per dine-in customer is calculated by dividing the revenue generated from restaurant operations by total number of dine-in customers served for the period in the same tier cities.
- (3) Table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers by the product of total restaurant operation days and average table count of *Xiaocaiyuan* restaurants for the period in the same tier cities.

Our overall table turnover rate for the six months ended June 30, 2025 was 3.1, which remained unchanged as compared with the overall table turnover rate for the six months ended June 30, 2024. Meanwhile, the table turnover rate in second-tier cities for the six months ended June 30, 2025 showed a slight increase as compared with that for the same period in the last year, mainly due to the improvement in store sales per square meter brought about by the optimization of store formats.

The following table sets forth certain same store performance indicators for our *Xiaocaiyuan* restaurants during the periods indicated:

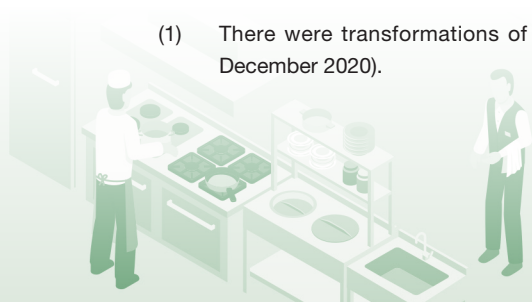


MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended June 30,	
	2025	2024 ⁽¹⁾
Number of same stores⁽²⁾		
First-tier cities	85	
New first-tier cities	144	
Second-tier cities	61	
Third-tier cities and below (including county-level cities and counties)	232	
Total	522	
Same store sales⁽³⁾(RMB'000)		
First-tier cities	385,846.2	430,712.9
New first-tier cities	604,472.8	662,234.0
Second-tier cities	265,125.0	281,117.1
Third-tier cities and below (including county-level cities and counties)	901,785.8	949,734.5
Total	2,157,229.8	2,323,798.5
Average same store sales per day⁽⁴⁾(RMB)		
First-tier cities	25,151.3	28,039.4
New first-tier cities	23,209.7	25,478.4
Second-tier cities	24,012.8	25,586.3
Third-tier cities and below (including county-level cities and counties)	21,489.5	22,631.0
Overall	22,854.4	24,641.0
Same store table turnover rate⁽⁵⁾(times/day)		
First-tier cities	3.0	3.2
New first-tier cities	3.0	3.1
Second-tier cities	3.4	3.4
Third-tier cities and below (including county-level cities and counties)	2.9	3.1
Overall	3.0	3.1

Notes:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).



MANAGEMENT DISCUSSION AND ANALYSIS

- (2) For the purpose of calculating same store performance between two periods, we define same stores as those *Xiaocaiyuan* restaurants that were open for at least 150 days for both the six months ended June 30, 2024 and the six months ended June 30, 2025.
- (3) Same store sales refer to the aggregate restaurant revenue from our same stores, including revenue generated from restaurant operations and delivery business.
- (4) Average same store sales per day are calculated by dividing the aggregate restaurant revenue of our same stores, including revenue generated from restaurant operations and delivery business, by the total restaurant operation days of our same stores for the period in the same tier cities.
- (5) Same store table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers at our same stores by the product of total restaurant operation days and average table count of our same stores for the period in the same tier cities.

Other Revenue

Our other revenue decreased by 33.5% from RMB22.8 million for the six months ended June 30, 2024 to RMB15.2 million for the six months ended June 30, 2025, primarily due to the decrease in interest income from bank deposits.

Raw Materials and Consumables Used

Our raw materials and consumables used decreased by 2.2% from RMB819.8 million for the six months ended June 30, 2024 to RMB801.7 million for the six months ended June 30, 2025, mainly due to centralized procurement resulting in a lower unit price of main ingredients. Our raw materials and consumables used as a percentage of our revenue decreased from 32.2% for the six months ended June 30, 2024 to 29.5% for the six months ended June 30, 2025, primarily benefiting from our advanced management capabilities and strong supply chain management.

Staff Costs

Our staff costs decreased by 8.2% from RMB726.3 million for the six months ended June 30, 2024 to RMB666.4 million for the six months ended June 30, 2025, primarily due to our improvements in restaurant management efficiency and labor efficiency. Our staff costs as a percentage of our revenue continued to optimize, reaching 28.5% for the six months ended June 30, 2024 and 24.6% for the six months ended June 30, 2025.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 2.8% from RMB125.2 million for the six months ended June 30, 2024 to RMB128.7 million for the six months ended June 30, 2025, primarily due to the expansion of our restaurant network. Our depreciation of right-of-use assets as a percentage of our revenue remained relatively stable at 4.9% for the six months ended June 30, 2024 and 4.7% for the six months ended June 30, 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets increased by 8.6% from RMB82.7 million for the six months ended June 30, 2024 to RMB89.8 million for the six months ended June 30, 2025, primarily due to the increase in the number of restaurants in operation. Our depreciation and amortization of other assets as a percentage of our revenue remained relatively stable at 3.2% for the six months ended June 30, 2024 and 3.3% for the six months ended June 30, 2025.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 5.9% from RMB45.5 million for the six months ended June 30, 2024 to RMB48.1 million for the six months ended June 30, 2025, primarily due to the increase in the number of restaurants in operation.

Utility Expenses

Our utility expenses increased by 2.5% from RMB81.4 million for the six months ended June 30, 2024 to RMB83.4 million for the six months ended June 30, 2025, primarily due to the increase in the number of restaurants in operation.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 71.1% from RMB31.2 million for the six months ended June 30, 2024 to RMB53.3 million for the six months ended June 30, 2025, primarily due to our increased investment in offline advertising and marketing activities.

Delivery Service Expenses

Our delivery service expenses increased by 11.4% from RMB163.3 million for the six months ended June 30, 2024 to RMB181.9 million for the six months ended June 30, 2025, which was in line with the increase in revenue generated from our delivery business. Our delivery service expenses as a percentage of our revenue increased from 6.4% for the six months ended June 30, 2024 to 6.7% for the six months ended June 30, 2025, which was due to the increase in the revenue generated by our delivery business as a percentage of our total revenue from 36.5% for the six months ended June 30, 2024 to 39.0% for the six months ended June 30, 2025.

Other Expenses

Our other expenses decreased by 4.7% from RMB121.5 million for the six months ended June 30, 2024 to RMB115.8 million for the six months ended June 30, 2025, primarily due to the decrease in listing expenses.



MANAGEMENT DISCUSSION AND ANALYSIS

Other Net Income

We recorded other net income of RMB27.4 million for the six months ended June 30, 2024 and recorded other net income of RMB2.8 million for the six months ended June 30, 2025, which was primarily due to the decrease in fair value change gains on convertible bonds and derivative financial instruments.

Finance Costs

Our finance costs increased by 0.8% from RMB20.0 million for the six months ended June 30, 2024 to RMB20.2 million for the six months ended June 30, 2025, which remained relatively stable.

Income Tax

Our income tax increased by 61.6% from RMB99.0 million for the six months ended June 30, 2024 to RMB159.9 million for the six months ended June 30, 2025, primarily due to the increase in our PRC dividend withholding tax. Our effective tax rate, calculated by dividing our income tax by our profit before taxation, increased from 26.0% for the six months ended June 30, 2024 to 29.5% for the six months ended June 30, 2025, primarily due to the increase in our PRC dividend withholding tax.

Profit for the Period

As a result of the cumulative effect of the above factors, our profit for the period increased by 35.7%, amounting to RMB382.4 million for the six months ended June 30, 2025 as compared to RMB281.9 million for the six months ended June 30, 2024.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.



MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted Net Profit (non-IFRS measure) and Adjusted EBITDA (non-IFRS measure)

We define adjusted net profit (non-IFRS measure) as net profit for the period adjusted by adding the following: (i) changes in fair value of the convertible bonds and derivative financial instruments, (ii) changes in carrying amount of the redemption liability and (iii) listing expenses. We then add back (i) income tax, (ii) net finance costs, and (iii) depreciation and amortization of other assets to derive adjusted EBITDA (non-IFRS measure).

The following table sets out a reconciliation of net profit to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000) (unaudited)	(RMB'000) (unaudited)
Reconciliation of net profit to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)		
Net profit	382,397	281,879
Add:		
Changes in fair value of the convertible bonds and derivative financial instruments	–	(46,437)
Changes in carrying amount of the redemption liability	–	19,504
Listing expenses	–	9,419
Adjusted net profit (non-IFRS measure)	382,397	264,365
Add:		
Income tax	159,916	98,981
Net finance costs	14,823	8,101
Depreciation and amortization of other assets	89,830	82,692
Adjusted EBITDA (non-IFRS measure)	646,966	454,139

Right-of-use Assets

Our right-of-use assets consisted of the leases for our restaurants. Our right-of-use assets decreased by 8.7% from RMB788.6 million as of December 31, 2024 to RMB720.4 million as of June 30, 2025, mainly attributed to the increase in depreciation of right-of-use assets.

Inventories

Our inventories primarily consisted of food ingredients, condiment products, beverage and others. Our inventories decreased from RMB109.6 million as of December 31, 2024 to RMB74.1 million as of June 30, 2025, primarily due to the fact that our better supply chain management efficiency led to further optimization of the inventory level.



MANAGEMENT DISCUSSION AND ANALYSIS

Our inventory turnover days (being the average of opening balance and closing balance of inventory for the period divided by raw materials and consumables used for the period and then multiplied by the number of days for such period) decreased from 23.6 days for the year ended December 31, 2024 to 20.7 days for the six months ended June 30, 2025, primarily due to our enhanced inventory management capabilities.

Trade and Other Receivables

The majority of our trade and other receivables were primarily in connection with (i) bills settled through third-party payment platforms such as Alipay or WeChat Pay, (ii) bills for our delivery business settled through online food delivery platforms, and (iii) prepayments. Our trade and other receivables decreased by 22.5% from RMB301.9 million as of December 31, 2024 to RMB233.9 million as of June 30, 2025, primarily due to the improvement in the efficiency of our supply chain management, which has further optimized the prepayments made by us under this account.

Our trade receivables turnover days (being the average of opening balance and closing balance of trade receivables for the period divided by revenue and then multiplied by the number of days for such period) remained relatively stable at 2.3 days for the year ended December 31, 2024 and 2.1 days for the six months ended June 30, 2025, respectively.

Trade and Other Payables

The majority of our trade and other payables were in connection with payables to our suppliers for raw materials and consumables and payables of utility expenses.

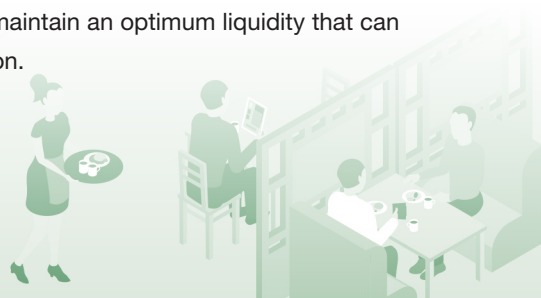
Our trade and other payables increased from RMB228.5 million as of December 31, 2024 to RMB270.8 million as of June 30, 2025, primarily because we typically accelerate the settlement process with suppliers at the end of the year.

Our trade payables turnover days (being the average of opening balance and closing balance of trade payables for the period divided by raw materials and consumables used for the relevant period and then multiplied by the number of days for such period) remained relatively stable at 15.2 days for the year ended December 31, 2024 and 16.2 days for the six months ended June 30, 2025, respectively.

Liquidity and Capital Resources

For the six months ended June 30, 2025, we had funded our cash requirements principally through equity and debt financing and cash generated from operations. As of June 30, 2025, our cash and cash equivalents, primarily held in RMB, amounted to RMB638.8 million, compared to RMB616.7 million as of December 31, 2024. We had net cash generated from operating activities of RMB764.8 million for the six months ended June 30, 2025 as compared to RMB455.0 million for the six months ended June 30, 2024.

We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting continuing business expansion.



MANAGEMENT DISCUSSION AND ANALYSIS

Bank Loans and Other Borrowings

As at June 30, 2025, our bank loans amounted to RMB100 million, which were primarily the letters of credit borrowing for the purchase of food ingredients, and were guaranteed by Anhui Xiaocaiyuan Supply Chain Co., Ltd. (a wholly-owned subsidiary of the Company). All borrowings were denominated in RMB and born interest at fixed rate of 1.75%. The Group did not implement any interest rate hedging policy.

Pledged Assets

As at June 30, 2025, the Group did not pledge any of its assets.

Contingent Liabilities

As at June 30, 2025, the Group did not have any contingent liabilities.

Gearing Ratio

Our gearing ratio (calculated as bank loans and other borrowings divided by total equity and multiplied by 100%) was 4.2% as at June 30, 2025 as compared to 0% as at December 31, 2024, primarily due to the increase in bank loans.

Foreign Exchange Risk and Hedging

The Group operates primarily in Mainland China with most of the transactions denominated and settled in RMB. The Group is exposed to currency risk which is primarily attributable to financial liabilities that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate. The Group does not hedge foreign exchange risk, but will closely monitor the situation and take measures when necessary, to ensure that foreign exchange risk is within control.

Employee and Remuneration Policy

As at June 30, 2025, the Group had a total of 12,498 employees (December 31, 2024: 12,034), most of whom were based in Tongling, Anhui Province, China. For the six months ended June 30, 2025, the Group's total staff costs (including salaries, wages, allowances and benefits) amounted to RMB666.4 million.

We recruit our employees from the open market, as well as through internal referrals. The restaurant manager and our human resources department are responsible for recruiting restaurant frontline staff of that particular restaurant. Our recruitment process usually includes interviews and an evaluation of a candidate's qualifications and experiences. We are committed to providing fair and equal opportunities in all of our employment practices and have adopted policies and procedures to ensure a fair hiring, selection and promotion process. As required by regulations of the PRC, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. For example, for regional managers, their compensation package includes base salary depending on the number of restaurants they manage and a discretionary bonus depending on the performance of such restaurants. In terms of our key restaurant employees, their compensation



MANAGEMENT DISCUSSION AND ANALYSIS

packages include base salary and a discretionary bonus. In particular, for the key restaurant employees who are engaged to run new restaurants, they are entitled to the discretionary bonus from both the new restaurants and their original restaurants for a certain period. In terms of restaurant frontline staff, their compensation package includes base salary, overtime pay and incentive bonus based on individual performance. We have developed and implemented a compensation mechanism that considers every task in the restaurant for bonus review, such as the positive customer reviews received, etc.

We hold monthly training programs for newly promoted restaurant managers and head chefs and other outstanding employees, where they share their working experiences and our management reiterates our values, motivating our employees to embrace our values, improve operational skills and develop management competencies for their career advancement.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Material Investments and Future Plans for Capital Asset Investments

For the six months ended June 30, 2025, the Group subscribed for wealth management products issued by Agricultural Bank of China Limited with its working capital as part of the Group's financial management to maximize its return on the surplus cash received from its business operation while maintaining flexibility and liquidity, which is in line with the Group's investment strategy of fully utilizing idle funds and improving capital utilization efficiency by operating and managing its own funds through bank wealth management products and other wealth management tools, while ensuring high safety and good liquidity to achieve capital preservation and appreciation under the premise of controlling investment risks. For further details, please refer to the Company's announcement dated August 14, 2025. As at June 30, 2025, wealth management products held by the Group with a value of 5% or more of the Group's total assets as at June 30, 2025 were set out as follows:

Counterparty	Product Type	Amount	Unrealized	Changes	Fair value	Asset
		subscribed	profit or	in fair value		
		for as of	loss for the	as of	as of June 30,	ratio ¹
		June 30,	ended June 30,	June 30,	2025	
		2025	2025	2025	(RMB)	
		(RMB)	(RMB)	(RMB)		
Agricultural Bank of China Limited	Non-principal guaranteed with floating return	200,000,000	791,873.91	791,873.91	200,791,873.91	5.42%

Note:

- The asset ratio set out in this table is calculated by dividing the fair value of the relevant products as at June 30, 2025 by the total assets of the Group as at June 30, 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, for the six months ended June 30, 2025, the Group had no material investments with a value of 5% or more of the Group's total assets as of June 30, 2025 (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2025). Save for the expansion plans contained in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have definite plans for material investments and capital assets as at June 30, 2025.

Future Outlook

Looking ahead, we will continue to consolidate our leading position in China's rapidly growing mass Chinese cuisine sector. We remain committed to our cultural philosophy of "Gratitude, Responsibility, Growth and Win-Win", providing our customers with an exceptional dining experience and offering green, healthy and nutritious dishes at affordable prices. Leveraging our modern management system and market acumen, we will continue to harness the growth potential in the market, establishing a substantial competitive advantage and a formidable business stronghold against our rivals in the industry. In our future development plan, we will continue to enhance the dining experience of the operational restaurants, by optimizing service capabilities and introducing more value-added services to create greater value for our customers. We will continue to enhance our business intelligence system based on data insight, continue to strengthen and upgrade our supply chain management system, strategically expand our restaurant network, achieving a broader coverage and deeper market penetration, and continue our expansion and exploration in the Chinese cuisine community catering market, striving to build ourselves into a world-class chain restaurant group with a modern scientific management system.



CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDENDS

The Board has resolved to declare an interim dividend of RMB0.2119 per share for the six months ended June 30, 2025, totalling approximately RMB250 million, and interim dividends have been paid on September 16, 2025.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including the sale of treasury shares).

As of June 30, 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders. Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group to achieve effective accountability. The Company's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code.

The Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period, except for the deviation from code provision C.2.1 of the Corporate Governance Code.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and general manager should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and general manager should be clearly established and set out in writing. The Company does not separate the roles of chairman and general manager, and Mr. Wang Shugao currently holds both positions concurrently. In view of Mr. Wang's substantial contribution to the Group since our establishment and his extensive experience, the Company considers that having Mr. Wang acting as both our chairman and general manager will provide strong and consistent leadership to the Group and facilitate the efficient execution of the Company's business strategies. The Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Wang and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the separation of the roles of chairman and general manager is necessary.



CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Board has adopted the Model Code as the code of conduct governing Directors' trading in the securities of the Company. Upon specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

Mr. Law Wing Cheung Ryan has resigned as a non-executive director due to other work arrangements, with effect from March 7, 2025.

Ms. Zhu Xuejing has been appointed as a non-executive director with effect from March 7, 2025. The biographical details of Ms. Zhu Xuejing are set out below:

Ms. Zhu Xuejing (朱雪菁), aged 35, was appointed as a non-executive Director in March 2025.

Ms. Zhu has 12 years of experience in business operation and risk control and compliance in capital market and private equity investment institutions. She previously worked in Beijing Dacheng Law Offices, LLP in 2013, mainly engaging in foreign-invested banking business and foreign direct investment; she previously worked in Beijing Zhong Lun Law Firm in 2014, mainly engaging in merger and acquisitions of companies, private fund investments, issuance and listing of securities; she has been in Harvest Capital Co., Ltd. since 2018 and is responsible for the Risk Control and Compliance Department, she participates in daily operation, fundraising, investment, management and withdrawal and risk management, post-investment management, and is currently the head of the Risk Control and Compliance Department of Harvest Capital Co., Ltd.

Ms. Zhu graduated from the College of William and Mary in the United States with a master's degree in law in May 2013. Ms. Zhu obtained the PRC Legal Professional Qualification Certificate issued by the Ministry of Justice of the People's Republic of China in September 2012.

CHANGES OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

During the Reporting Period, there were no changes in the information of the Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2025, the interests and/or short positions (including interests and/or short positions which he/she is taken or deemed to have under such provisions of the SFO) of our Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or interests and/or short positions which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, will be as follows:

Interest in the shares of the Company

Name of Director or chief executive	Nature of interest	Number of Shares interested ¹	Approximate percentage of interest in the Company as of June 30, 2025 ²
Mr. Wang Shugao ^{3,4}	Interest in controlled corporation	1,000,000,000	85.00%
Mr. Li Daoqing ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Tian Chunyong ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Zhou Bin ⁴	Interests held jointly with other person	429,714,000	36.52%
Ms. Wang Weifang ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Tao Xu'an ⁴	Interests held jointly with other person	429,714,000	36.52%

Notes:

1. All interests stated are long positions.
2. The calculation is based on the total number of 1,176,518,800 Shares of the Company in issue as of June 30, 2025.
3. Mr. Wang Shugao is the sole director of each of the BVI Entities and therefore entitled to control the voting power of each of the BVI Entities. In light of the above, Mr. Wang Shugao is deemed to be interested in 85.00% of the Shares of the Company, including the equity interest held by XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited.



CORPORATE GOVERNANCE AND OTHER INFORMATION

4. Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang and Mr. Chen Haiyan held 29.26%, 9.84%, 9.84%, 9.84%, 9.84%, 8.51%, 8.51%, 7.18% and 7.18% of the equity interests in XCY Yongqing Limited, respectively. Since the incorporation of the Company in 2021, Mr. Wang Shugao and the other individual Shareholders have been acting in concert by aligning their votes of XCY Yongqing Limited. On October 10, 2023, Mr. Wang Shugao entered into the acting in concert agreement with the other individual Shareholders, pursuant to which they confirmed that they have been acting in concert since the incorporation of the Company in 2021 and will continue to act in concert by aligning their votes of XCY Yongqing Limited, and that the other individual Shareholders will follow Mr. Wang Shugao's decisions in relation to the exercise of the voting rights by XCY Yongqing Limited. In light of above, each of the other individual Shareholders is deemed to be jointly interested in the shares held by XCY Yongqing Limited in the Company under the SFO.

Save as set out above, as at June 30, 2025, the Directors are not aware of any of our Directors or chief executive who have any interests and/or short positions (including interests and/or short positions which he/she is taken or deemed to have under such provisions of the SFO) in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND/OR SHORT POSITIONS HELD BY SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2025, to the best knowledge of the Company and Directors, the following persons (other than our Directors or chief executive) have an interest and/or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to section 336 of Part XV of the SFO, interest or a short position will be recorded in the register maintained by the Company:

Name of Shareholders	Capacity/nature of interest	Number of Shares held ¹	Approximate percentage of interests in the Company as of June 30, 2025 ²
XCY Yongqing Limited ³	Beneficial owner	429,714,000	36.52%
XCY Xuyuan Limited ³	Beneficial owner	275,429,000	23.41%
XCY Zhiyuan Limited ³	Beneficial owner	69,714,000	5.93%
XCY Huiming Limited ³	Beneficial owner	56,000,000	4.76%
XCY Weiyuan Limited ³	Beneficial owner	26,857,000	2.28%
XCY Liyuan Limited ³	Beneficial owner	20,571,000	1.75%
XCY Future Limited ³	Beneficial owner	121,715,000	10.35%
Mr. Ye Hongli ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Fang Zhiguo ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Chen Haiyan ⁴	Interests held jointly with other person	429,714,000	36.52%
Harvest Delicacy ⁵	Beneficial owner	70,283,600	5.97%



CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. All interests stated are long positions.
2. The calculation is based on the total number of 1,176,518,800 shares of the Company in issue as of June 30, 2025.
3. Mr. Wang Shugao is the sole director of each of the BVI Entities and therefore entitled to control the voting power of each of the BVI Entities. In light of the above, Mr. Wang Shugao is deemed to be interested in 85.00% of the shares of the Company, including the equity interest held by XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited.
4. Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang and Mr. Chen Haiyan held 29.26%, 9.84%, 9.84%, 9.84%, 9.84%, 8.51%, 8.51%, 7.18% and 7.18% of the equity interests in XCY Yongqing Limited. Since the incorporation of the Company in 2021, Mr. Wang Shugao and the Other Individual Shareholders have been acting in concert by aligning their votes of XCY Yongqing Limited. On October 10, 2023, Mr. Wang Shugao entered into the Acting in Concert Agreement with the Other Individual Shareholders, pursuant to which they confirmed that they have been acting in concert since the incorporation of the Company in 2021 and will continue to act in concert by aligning their votes of XCY Yongqing Limited, and that the Other Individual Shareholders will follow Mr. Wang Shugao's decisions in relation to the exercise of the voting rights by XCY Yongqing Limited. In light of above, each of the Other Individual Shareholders also constitutes a Controlling Shareholder of the Company. Under the SFO, each of the Other Individual Shareholders is deemed to be jointly interested in the shares held by XCY Yongqing Limited in the Company.
5. Harvest Delicacy is ultimately controlled by Mr. Song Xiangqian.

Except as disclosed above, our Directors are not aware of any other person who will, as at June 30, 2025, have any interest and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to section 336 of Part XV of the SFO, interest or short positions will be recorded in the register maintained by the Company.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On December 20, 2024, the Company was listed on the Main Board of the Hong Kong Stock Exchange. The number of shares under the Global Offering was 101,180,800 shares, comprising the offer of 10,118,400 shares under the Hong Kong Public Offering and the offer of 91,062,400 shares under the International Offering at a nominal value of USD0.00001 per share. Based on the final Offer Price of HKD8.50 per offer share, the net proceeds received by the Company from the Global Offering after deducting the underwriting commission and other estimated expenses in connection with the Global Offering amounted to approximately HKD794.8 million, which were used in accordance with the use of proceeds as disclosed in the Prospectus as follows:



CORPORATE GOVERNANCE AND OTHER INFORMATION

Purpose	% of use of proceeds	Net proceeds (HKD in millions)	Amount of unutilized proceeds as at December 31, 2024 (HKD in millions)	Amount of proceeds utilized during the six months ended June 30, 2025 (HKD in millions)	Cumulative amount of utilized proceeds as at June 30, 2025 (HKD in millions)	Amount of unutilized proceeds as at June 30, 2025 (HKD in millions)	Expected timetable for the full utilization of unutilized proceeds
Expansion of our restaurant network to broaden our geographical coverage and deepen our market penetration	40.0%	317.9	317.9	57.9	57.9	260.0	December 31, 2026
Strengthen our supply chain capabilities	37.0%	294.1	294.1	77.6	77.6	216.5	December 31, 2026
Promote our information technology capabilities through upgrading our smart devices and digital systems	13.0%	103.3	103.3	4.5	4.5	98.8	December 31, 2026
Working capital and general corporate purposes	10.0%	79.5	79.5	0	0	79.5	December 31, 2026
Total	100%	794.8	794.8	140.0	140.0	654.8	

There has been no change in the intended use of net proceeds as detailed in the Prospectus and disclosed above during the Reporting Period. We have deposited the unutilized net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions.

SHARE SCHEME

The Company has not adopted any share scheme.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, the Group did not experience any significant event from June 30, 2025 to the Latest Practicable Date.



CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM RESULTS

The Audit Committee comprises Mr. Zhu Nanjun (Chairman), Mr. Qian Mingxing and Ms. Fang Xuan, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim results and the interim report of the Group for the six months ended June 30, 2025.

PUBLICATION OF INTERIM REPORT

The interim report containing the Company's information and the Group's unaudited condensed consolidated interim results for the six months ended June 30, 2025 has been published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at www.xiaocaiyuan.com, and has been dispatched to shareholders who wish to receive printed version of the Company's corporate communications.



INDEPENDENT AUDITOR'S REPORT

Review report to the board of directors of

Xiaocaiyuan International Holding Ltd.

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 26 to 50, which comprise the consolidated statement of financial position of Xiaocaiyuan International Holding Ltd. (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



INDEPENDENT AUDITOR'S REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 August 2025



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2025 (unaudited) (Expressed in Renminbi)

		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Revenue	3	2,713,666	2,547,463
Other revenue	4	15,156	22,784
Raw materials and consumables used		(801,662)	(819,839)
Staff costs	5(b)	(666,396)	(726,273)
Depreciation of right-of-use assets		(128,706)	(125,170)
Other rentals and related expenses		(48,137)	(45,476)
Depreciation and amortisation of other assets		(89,830)	(82,692)
Utility expenses		(83,396)	(81,400)
Advertising and promotion expenses		(53,344)	(31,175)
Delivery service expenses		(181,884)	(163,279)
Other expenses	5(c)	(115,779)	(121,497)
Other net income	5(d)	2,780	27,413
Finance costs	5(a)	(20,155)	(19,999)
Profit before taxation		542,313	380,860
Income tax	6	(159,916)	(98,981)
Profit for the period		382,397	281,879
Attributable to:			
Equity shareholders of the Company		382,397	281,879
Earnings per share	7		
Basic		0.33	0.27
Diluted		0.33	0.27

The notes on pages 34 to 50 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 16.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 (unaudited) (Expressed in Renminbi)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Profit for the period		<u>382,397</u>	<u>281,879</u>
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		(1,284)	857
Item that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>1,026</u>	<u>(273)</u>
Other comprehensive income for the period		<u>(258)</u>	<u>584</u>
Total comprehensive income for the period		<u><u>382,139</u></u>	<u><u>282,463</u></u>
Attributable to:			
Equity shareholders of the Company		<u>382,139</u>	<u>282,463</u>
Total comprehensive income for the period		<u><u>382,139</u></u>	<u><u>282,463</u></u>

The notes on pages 34 to 50 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 (unaudited) (Expressed in Renminbi)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	8	698,480	699,251
Right-of-use assets	8	720,366	788,591
Intangible assets		2,060	2,512
Deferred tax assets		17,939	16,401
Rental deposits		43,142	41,419
		<u>1,481,987</u>	<u>1,548,174</u>
Current assets			
Inventories	9	74,114	109,566
Trade and other receivables	10	233,876	301,863
Financial assets at fair value through profit or loss ("FVPL")	11	1,190,643	788,280
Time deposits	12	76,000	223,356
Cash and cash equivalents	12	638,829	616,661
		<u>2,213,462</u>	<u>2,039,726</u>
Current liabilities			
Bank loans and other borrowings	13	100,000	–
Trade and other payables	14	270,848	228,500
Contract liabilities	15	72,396	77,334
Lease liabilities		220,392	223,830
Current taxation		73,303	77,024
		<u>736,939</u>	<u>606,688</u>
Net current assets		<u>1,476,523</u>	<u>1,433,038</u>
Total assets less current liabilities		<u>2,958,510</u>	<u>2,981,212</u>

The notes on pages 34 to 50 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 (unaudited) (Expressed in Renminbi)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities		527,952	586,641
Provisions		29,820	29,156
Deferred tax liabilities		28,184	—
		<u>585,956</u>	<u>615,797</u>
Net assets		<u>2,372,554</u>	<u>2,365,415</u>
Capital and reserves			
Share capital	16(b)	77	77
Reserves		<u>2,372,477</u>	<u>2,365,338</u>
Total equity		<u>2,372,554</u>	<u>2,365,415</u>

Approved and authorised for issue by the board of directors on 15 August 2025.

)	
)	
Wang Shugao)	
)	Directors
)	
Tian Chunyong)	
)	
)	

The notes on pages 34 to 50 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 (unaudited) (Expressed in Renminbi)

	Note	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Share-based payments reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024		64	-	(97,140)	231,307	(1,156)	59,517	430,500	623,092
Changes in equity for the six months ended 30 June 2024:									
Profit for the period		-	-	-	-	-	-	281,879	281,879
Other comprehensive income		-	-	-	-	584	-	-	584
Total comprehensive income		-	-	-	-	584	-	281,879	282,463
Appropriation to statutory reserve		-	-	-	-	-	4,422	(4,422)	-
Dividends declared	16(a)	-	-	-	-	-	-	(187,500)	(187,500)
Financial instruments issued to an investor		-	-	(24,486)	-	-	-	-	(24,486)
Balance at 30 June 2024 and 1 July 2024		64	-	(121,626)	231,307	(572)	63,939	520,457	693,569
Changes in equity for the six months ended 31 December 2024:									
Profit for the period		-	-	-	-	-	-	298,743	298,743
Other comprehensive income		-	-	-	-	4,211	-	-	4,211
Total comprehensive income		-	-	-	-	4,211	-	298,743	302,954
Appropriation to statutory reserve		-	-	-	-	-	5,416	(5,416)	-
Conversion of redemption liability into ordinary shares	16(b)	6	470,681	121,626	-	-	-	-	592,313
Shares issued upon the completion of initial public offering	16(b)	7	776,572	-	-	-	-	-	776,579
Balance at 31 December 2024		77	1,247,253	-	231,307	3,639	69,355	813,784	2,365,415

The notes on pages 34 to 50 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 (unaudited) (Expressed in Renminbi)

Note	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Share-based payments reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2025	77	1,247,253	-	231,307	3,639	69,355	813,784	2,365,415
Changes in equity for the six months ended 30 June 2025:								
Profit for the period	-	-	-	-	-	-	382,397	382,397
Other comprehensive income	-	-	-	-	(258)	-	-	(258)
Total comprehensive income	-	-	-	-	(258)	-	382,397	382,139
Appropriation to statutory reserve	-	-	-	-	-	5,279	(5,279)	-
Dividends declared	16(a)	(375,000)	-	-	-	-	-	(375,000)
Balance at 30 June 2025	77	872,253	-	231,307	3,381	74,634	1,190,902	2,372,554

The notes on pages 34 to 50 form part of this interim financial report.



CONDENSED CONSOLIDATED CASH FLOW STATEMENTfor the six months ended 30 June 2025 (unaudited) *(Expressed in Renminbi)*

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations		901,741	588,296
Income tax paid		(136,991)	(133,329)
Net cash generated from operating activities		764,750	454,967
Investing activities			
Payment for the purchase of property, plant and equipment		(91,889)	(164,194)
Payment for the purchase of intangible assets		(15)	(793)
(Payment for purchase)/proceeds from disposal of financial assets measured at FVPL, net		(390,000)	–
Investment income received		3,282	1,290
Decrease/(increase) in time deposits		147,356	(257,545)
Interest income received		4,313	10,860
Net cash used in investing activities		(326,953)	(410,382)

The notes on pages 34 to 50 form part of this interim financial report.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025 (unaudited) (Expressed in Renminbi)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Financing activities			
Proceeds from/(repayment of) bank loans and other borrowings		100,000	(20,000)
Proceeds from financial instruments issued to an investor		–	100,000
Payment of the redemption liability		–	(3,149)
Payment of capital element of lease liabilities		(121,021)	(109,320)
Payment of interest element of lease liabilities		(18,832)	(18,970)
Interest expenses of bank loans paid		(615)	(354)
Withdrawal of restricted bank deposits		–	10,000
Dividends paid	16(a)	(375,000)	(187,500)
Net cash used in financing activities		(415,468)	(229,293)
Net increase/(decrease) in cash and cash equivalents		22,329	(184,708)
Cash and cash equivalents at 1 January	12	616,661	620,153
Effect of foreign exchange rate changes		(161)	588
Cash and cash equivalents at 30 June	12	638,829	436,033

The notes on pages 34 to 50 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”), It was authorised for issue on 15 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG’s independent review report to the Board of Directors is included on pages 24 to 25.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE

(a) Revenue

The principal activities of the Group are restaurant operations and delivery business in the People's Republic of China ("PRC").

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Restaurant operations	1,647,139	1,611,603
– Delivery business	1,057,411	929,709
– Others	9,116	6,151
	<u>2,713,666</u>	<u>2,547,463</u>
Disaggregated by timing of revenue recognition		
– Point in time	<u>2,713,666</u>	<u>2,547,463</u>

No revenue from individual customer contributed over 10% of total revenue of the Group for the six months ended 30 June 2025 (the six months ended 30 June 2024: Nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Other revenue		
Interest income on:		
– bank deposits	4,313	10,860
– rental deposits	1,019	1,038
	<u>5,332</u>	<u>11,898</u>
Investment income on wealth management products	3,282	1,290
Government grants (note (i))	<u>6,542</u>	<u>9,596</u>
	<u>15,156</u>	<u>22,784</u>

- (i) Government grants mainly represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest on bank loans	615	354
Interest on lease liabilities	18,832	18,970
Interest on provisions	708	675
	<u>20,155</u>	<u>19,999</u>

(b) Staff costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	650,792	709,753
Contributions to defined contribution retirement plan (i)	15,604	16,520
	<u>666,396</u>	<u>726,273</u>

Note:

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION (Continued)

(c) Other expenses

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Property management expenses	68,631	65,089
Transportation and related expenses	15,469	14,476
Administrative expenses	2,090	6,094
Professional service expenses	2,904	3,937
Listing expenses	–	9,419
Cleaning fees	6,930	7,024
Taxes and surcharges	8,283	6,061
Business development expenses	3,442	3,179
Impairment losses of property, plant and equipment and right-of-use assets	–	471
Others	8,030	5,747
	<u>115,779</u>	<u>121,497</u>

(d) Other net income

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Net losses on disposal of property, plant and equipment and right-of-use assets	8,358	6,144
Changes in carrying amount of the redemption liability	–	19,504
Changes in fair value of the convertible bonds and derivative financial instruments	–	(46,437)
Changes in fair value of the financial assets at FVPL	(15,659)	–
Exchange losses/(gains)	1,910	(430)
Other losses/(income)	2,611	(6,194)
	<u>(2,780)</u>	<u>(27,413)</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the period	133,270	93,912
	133,270	93,912
Deferred tax		
Origination and reversal of temporary differences	26,646	5,069
	159,916	98,981

Notes:

- (i) Pursuant to the tax rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% for the six months ended 30 June 2025 and 2024. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.
- (iii) Taxable income for the subsidiaries of the Company in the PRC are subject to PRC income tax rate of 25% for the six months ended 30 June 2025 and 2024, unless otherwise specified below.

For the six months ended 30 June 2025, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential income tax rate of 5% (the six months ended 30 June 2024: 5%) on taxable income for the amounts within RMB3,000,000.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB382,397,000 (six months ended 30 June 2024: RMB268,727,000) and the weighted average of 1,176,519,000 ordinary shares (2024: 1,000,000,000 shares, after adjusting for the share subdivision in December 2024 (see Note 16(b)(i))) in issue during the interim period.

(b) Diluted earnings per share

For the six months ended 30 June 2025, diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares.

For the six months ended 30 June 2024, preferred shares were not included in the calculation of diluted earnings per share because their effect would have been anti-dilutive. Accordingly, diluted earnings per share was the same as basic earnings per share.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of plant and machinery with a cost of RMB96,514,000 (six months ended 30 June 2024: RMB178,758,000). Items of plant and machinery with a net book value of RMB8,358,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB6,144,000), resulting in a loss on disposal of RMB8,358,000 (six months ended 30 June 2024: RMB6,144,000).

(b) Right-of-use assets

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for use of restaurants and warehouses, and therefore recognised the additions to right-of-use assets of RMB60,233,000.

The leases of restaurants contain variable lease payment terms that are based on sales generated from the restaurants and minimum annual lease payment terms that are fixed. These payment terms are common in the PRC where the Group operates. The amount of fixed and variable lease payments for the interim reporting period is summarised below:

	Six months ended 30 June 2025		
	Fixed payments RMB'000	Variable payments RMB'000	Total payments RMB'000
Leased assets	139,853	8,428	148,281
	Six months ended 30 June 2024		
	Fixed payments RMB'000	Variable payments RMB'000	Total payments RMB'000
Leased assets	128,290	10,919	139,209



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

8 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

(c) Impairment losses

As at the end of each reporting period, in view of the unfavorable future prospects of certain restaurants, the Group's management estimated the recoverable amount of each such restaurant (cash-generating unit ("CGU")) with an indication of impairment. The recoverable amount of each CGU is determined based on fair value less cost of disposal or the value-in-use calculations by preparing cash flow projections of the relevant CGUs derived from the most recent financial forecast approved by the management covering the remaining lease term, which is higher. The cash flows are discounted using a discount rate of 12.5% as at 30 June 2025 (30 June 2024: 14.0%), respectively. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

During the six months ended 30 June 2025, nil impairment loss (six months ended 30 June 2024: RMB471,000) was recognised, as the carrying amount of certain cash-generating units ("CGUs") exceeded their recoverable amount. The impairment loss was allocated to the assets in related restaurant including right-of-use assets, leasehold improvement and other property, plant and equipment within CGU on a pro rata basis, which was recognised in profit or loss as the "Other expenses" in the consolidated statement of profit or loss and other comprehensive income respectively.

9 INVENTORIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Food ingredients	52,453	82,738
Condiment products	9,947	13,375
Beverage	3,990	3,507
Others	7,724	9,946
	<u>74,114</u>	<u>109,566</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 month	27,827	28,116
1 to 3 months	1,993	1,832
3 to 6 months	998	367
Over 6 months but within 1 year	532	415
Trade debtors	31,350	30,730
Other receivables and deposits	69,089	84,678
Prepayments	118,096	173,715
Value added tax recoverable	15,341	12,740
	<u>233,876</u>	<u>301,863</u>

Prepayments mainly represent prepayments for procurement, rental and property management expenses, and utilities expenses.

Trade debtors are due within 1 year from the date of revenue recognition.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

11 FINANCIAL ASSETS AT FVPL

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Financial assets at FVPL		
– Wealth management products	<u>1,190,643</u>	<u>788,280</u>

The Group's balances of financial assets at FVPL represent investments in several funds and bank wealth management products. These funds' investments are mainly invested treasury bills and other instruments issued in the United States of America ("U.S.").

During the six months ended 30 June 2025, the net unrealised gain in these investments of RMB15,659,000 (six months ended 30 June 2024: Nil) was recognised as gains in changes of fair value recognised in profit or loss.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash on hand	4	10
Cash at bank	714,825	840,007
Less: Time deposits	<u>(76,000)</u>	<u>(223,356)</u>
	<u>638,829</u>	<u>616,661</u>

13 BANK LOANS AND OTHER BORROWINGS

The maturity profile for the interest-bearing bank loans and other borrowings of the Group at the end of the reporting period is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year or on demand	<u>100,000</u>	<u>–</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within one year	86,463	56,932
Trade payables	86,463	56,932
Staff cost payable	108,411	96,992
Other taxes payable	10,886	11,142
Other payables and accrued charges	65,088	63,434
	<u>270,848</u>	<u>228,500</u>

15 CONTRACT LIABILITIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contract liabilities related to prepaid cards	70,797	74,122
Contract liabilities related to customer membership programs	1,599	3,212
	<u>72,396</u>	<u>77,334</u>

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	77,334	67,860
Net increase in contract liabilities during the period	72,396	77,334
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	(77,334)	(67,860)
Balance at 30 June/31 December	<u>72,396</u>	<u>77,334</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	2025 RMB'000	2024 RMB'000
Interim dividend approved and will be paid after the interim period of RMB0.2119 per ordinary share (2024: nil)	250,000	–

The interim dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.3187 per ordinary share (2024: RMB17,435 per share)	375,000	187,500



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

	Number of shares '000	Amount USD'000	Share capital RMB'000
Ordinary shares			
At 1 January 2024 and 30 June 2024	10	10	64
Effect of the share subdivision (i)	999,990	–	–
Shares issued upon the completion of initial public offering (ii)	101,181	1	7
Conversion of convertible preferred shares into ordinary shares (iii)	75,338	1	6
At 31 December 2024 and 30 June 2025	1,176,519	12	77

Notes:

- (i) Pursuant to a board resolution dated 2 December 2024, each share in the Company's issued and unissued share capital with a par value of USD1 was subdivided into 100,000 shares of the corresponding class with a par value of USD0.00001 each.
- (ii) On 20 December 2024, the Company issued 101,181,000 ordinary shares at an offer price of HKD8.50 per share through the Listing. Net proceeds from the Listing amounted to RMB776,579,000 equivalent, after deducting all capitalised listing expenses. Out of the net proceeds, RMB7,000 and RMB776,572,000 were credited to the Company's share capital and share premium account, respectively.
- (iii) Upon the completion of the Listing, 753.38 preferred shares were converted into 75,338,000 ordinary shares of the Company in aggregate (after adjusting for the effect of the share subdivision), resulting in a transfer of the carrying amount of financial instruments issued to investors of RMB592,313,000 and other reserve of RMB121,626,000 (negative) to ordinary share capital of RMB6,000 and share premium of RMB470,681,000 respectively.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted units in investment funds and bank wealth management products. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2025 RMB'000	Fair value measurements as at 30 June 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Asset:				
Financial assets at FVPL	1,190,643	-	1,190,643	-

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Asset:				
Financial assets at FVPL	788,280	-	788,280	-

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products in Level 2 is determined by recent comparable transaction price on the market. These investments were either acquired, re-invested by the Group recently or newly financed on the market.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

18 COMMITMENTS

Commitments outstanding at 30 June 2025 not provided for in the interim financial report

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted for acquisition of property, plant and equipment	<u>189,967</u>	<u>128,424</u>

19 MATERIAL RELATED PARTY TRANSACTIONS

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	4,133	2,015
Contributions to defined contribution retirement plan	<u>185</u>	<u>80</u>
	<u>4,318</u>	<u>2,095</u>

Total remuneration is included in "staff costs" (see Note 5(b)).

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors have resolved to declare an interim dividend. Further details are disclosed in Note 16(a).



DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“BVI Entities”	XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to “China”, “Mainland China” or the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or the “Company”	Xiaocaiyuan International Holding Ltd. (小菜園國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on October 19, 2021, the Shares of which were listed on the Main Board of the Hong Kong Stock Exchange on December 20, 2024 (stock code: 0999)
“Compliance Adviser”	Altus Capital Limited
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, shall mean Mr. Wang, the Other Individual Shareholders and the BVI Entities
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules



DEFINITIONS

“Director(s)” or “our Director(s)”	the director(s) of the Company
“Fuxinglou”	Fuxinglou (復興樓), one of our restaurant brands
“Global Offering”	the Hong Kong Public Offering and the International Offering mentioned in the Prospectus
“Group”, “we” or “us”	the Company and its subsidiaries
“Harvest Delicacy”	Harvest Delicacy Infinite Corporation, a limited liability company incorporated under the laws of BVI on October 28, 2022 and one of our Pre-IPO Investors
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board
“Latest Practicable Date”	September 11, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report prior to its publication



DEFINITIONS

“Listing”	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	being December 20, 2024 on which the Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules
“Mr. Wang”	Mr. Wang Shugao (汪書高), our founder, executive Director, the chairman of the Board, general manager and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Ordinary Share(s)” or “Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of US\$0.00001 each
“Other Individual Shareholders”	Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu’an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang and Mr. Chen Haiyan
“Prospectus”	the prospectus dated December 12, 2024 issued by the Company in connection with the Global Offering and Listing



DEFINITIONS

“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months from January 1, 2025 to June 30, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$” or “USD”	United States dollar, the lawful currency of the United States
“Xiaocaiyuan”	Xiaocaiyuan (小菜園), one of our restaurant brands
“%”	percentage

