



茶百道

Sichuan Baicha Baidao Industrial Co., Ltd.

四川百茶百道實業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(於中華人民共和國註冊成立的股份有限公司)

Stock code : 2555

股份代號 : 2555

2025 INTERIM REPORT 中期報告



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Definitions

Unless the context otherwise requires, the following expressions shall have the following meanings in this interim report:

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Chengdu Jinbosen"	Chengdu Jinbosen Enterprise Management Co., Ltd.* (成都錦柏森企業管理有限公司), a limited liability company incorporated under the laws of the PRC on 17 October 2018, which is held as to 60% by Mr. Wang and 40% by Ms. Liu, respectively, and is one of our Controlling Shareholders
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan Region
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Sichuan Baicha Baidao Industrial Co., Ltd. (四川百茶百道實業股份有限公司), a joint stock company incorporated under the laws of PRC with limited liability on 31 December 2020, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2555)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Ms. Liu, Chengdu Jinbosen, Hengsheng Herui and Tongchuang Gongjin
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Global Offering"	has the meaning ascribed thereto under the Prospectus
"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of such subsidiaries and legal entities, as the context may require)
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB0.1 each, which is/are subscribed for and traded in HK dollars and listed on the Stock Exchange

“Hengsheng Herui”	Sichuan Hengsheng Herui Industrial Group Co., Ltd.* (四川恒盛合瑞實業集團有限公司), formerly known as Sichuan Hengsheng Herui Industrial Co., Ltd.* (四川恒盛合瑞實業有限公司), a limited liability company incorporated under the laws of PRC on 20 November 2018, a promoter of the Company, and one of our Controlling Shareholders
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 September 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication
“Listing Date”	23 April 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
“Mr. Wang”	Mr. Wang Xiaokun (王霄錕), our founder, the chairman of the Board, an executive Director, the spouse of Ms. Liu, a promoter of the Company and one of our Controlling Shareholders
“Ms. Liu”	Ms. Liu Weihong (劉洧宏), our founder, a Supervisor, the spouse of Mr. Wang and one of our Controlling Shareholders
“Pre-IPO Employee Incentive Platform” or “Tongchuang Gongjin”	Sichuan Tongchuang Gongjin Enterprise Management Partnership (Limited Partnership) (四川同創共進企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 31 July 2023, the pre-IPO employee incentive platform of our Group of which Mr. Wang is the sole general partner and one of our Controlling Shareholders
“Pre-IPO Employee Incentive Scheme”	the pre-IPO employee incentive scheme of our Company approved and adopted on 27 June 2023, a summary of the principal terms of which is set forth in “Statutory and General Information – 5. Pre-IPO Employee Incentive Scheme” in Appendix VI to the Prospectus
“Prospectus”	the Prospectus of the Company dated 15 April 2024
“Reporting Period”	the six months ended 30 June 2025



Definitions

“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Senmian New Materials”	Senmian New Materials Technology (Chengdu) Co., Ltd.* (森冕新材料科技(成都)有限公司), a limited liability company incorporated under the laws of the PRC on 6 May 2021 and was held by the Company as to 67% and by an independent third party (except for being a substantial shareholder thereof), Yibin Senqian Enterprise Management Co., Ltd. (宜賓森乾企業管理有限公司) as to 33%
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.1 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

* English name is for identification purpose only.

Corporate Information

Company Name

Chinese name:

四川百茶百道實業股份有限公司

English name:

Sichuan Baicha Baidao Industrial Co., Ltd.

Directors

Executive Directors

Mr. Wang Xiaokun
Mr. Wang Hongxue
Ms. Dai Li
Mr. Chen Keyuan

Non-Executive Director

Dr. Chen Da

Independent Non-Executive Directors

Mr. Yeung Chi Tat
Dr. Tang Yong
Ms. Cheng Li

Supervisors

Ms. Liu Weihong
Mr. Zhu Mingxing
Mr. Zhang Yu

Audit Committee

Mr. Yeung Chi Tat
Ms. Cheng Li
Dr. Chen Da

Remuneration Committee

Ms. Cheng Li
Mr. Wang Xiaokun
Dr. Tang Yong

Nomination Committee

Mr. Wang Xiaokun
Ms. Cheng Li
Dr. Tang Yong

Registered Office

No. 1, 1/F, Building 1
No. 55 Liangshi Road, Mimou Town
Qingbaijiang District
Chengdu, Sichuan
PRC

Headquarters and Principal Place of Business in the PRC

10/F, Unit 1, Building 1, Jiayu Financial Technology Center
No. 166 Mingdu Road
Wuhou District
Chengdu, Sichuan
PRC

Principal Place of Business in Hong Kong

46/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock code: 2555

H 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

Company's Website

<https://www.chabaidao.com>

Legal Representative

Mr. Wang Xiaokun

Secretary to the Board of Directors

Mr. Xue Zenghui

Authorized Representatives

Mr. Chen Keyuan

Mr. Lee Chung Shing

Joint Company Secretaries

Mr. Xue Zenghui

Mr. Lee Chung Shing

Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

Legal Advisor as to Hong Kong Law

Clifford Chance

Legal Advisor as to PRC Law

King & Wood Mallesons

Compliance Advisor

Guotai Junan Capital Limited

Principal Bank

China Construction Bank, Chengdu Jinhe Sub-branch

Management Discussion and Analysis

The Board is pleased to present the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025, which has not been audited, but has been reviewed by the Audit Committee of the Board and Deloitte Touche Tohmatsu, the independent 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.

Business Review

In the first half of 2025, the Group recorded revenue of RMB2,499.6 million, representing an increase of 4.3% as compared with the corresponding period last year. Our revenue from our sale of goods and equipment increased by 3.8% as compared with the corresponding period last year. Revenue from royalty and franchising increased by 2.4% as compared with the corresponding period last year. Other revenue increased by 52.0% as compared with the corresponding period last year. The following table sets out the breakdown of the Group’s revenue by type and the percentage of our total revenue during the periods indicated:

	Six months ended 30 June					
	2025		2024		Change	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Sale of goods and equipment ⁽¹⁾	2,357,846	94.3	2,270,516	94.8	87,330	3.8
Royalty and franchising ⁽²⁾	100,607	4.0	98,278	4.1	2,329	2.4
Others ⁽³⁾	41,097	1.7	27,035	1.1	14,062	52.0
Total	2,499,550	100.0	2,395,829	100.0	103,721	4.3

Notes:

- (1) Sale of goods and equipment: where the Group sells to franchised stores materials and ingredients for the production of tea drinks, such as dairy products, tea leaves and fruits, as well as packaging materials and store equipment. The Group also sells packaging materials to third-party purchasers that are manufactured by Senmian New Materials, such as biodegradable straws and cups.
- (2) Royalty and franchising: including non-refundable upfront initial fees, royalty income and pre-opening training service fees paid by franchisees.
- (3) Others: mainly consisted of (i) income from our design services in relation to franchised stores; (ii) income from our online operation and management services in relation to the collaboration with third-party online delivery platforms; and (iii) income from our self-operated ChaPanda stores.

During the Reporting Period, the Group focused on optimizing its store network quality, maintaining a steady pace of overall expansion, and driving a sustained increase in user stickiness and transaction frequency through continuous product innovation and upgrading. During the Reporting Period, the phased promotional activities conducted through external channels provided supplementary impetus to store revenue. Meanwhile, the Group continued to advance efforts in supply chain optimization, cost structure management, and tiered franchise support policies, consistently enhancing operational efficiency and the stability of the franchising system, further reinforcing a solid foundation for the long-term development and expansion of the store network.

Management Discussion and Analysis

Store Network

Our ChaPanda store network in China comprises stores strategically dispersed across different tiers of cities. While maintaining our position in first-tier and new first-tier cities to enhance our brand identity and keeping up with the ever-changing market trend, we have been penetrating and will continue to penetrate into lower-tier cities with promising potential for consumption growth. This deliberate distribution ensures that we reach a broad spectrum of consumers and establish brand visibility across all tiers of cities.

The following table sets forth a breakdown of the Group's store coverage by city tier in China as of 30 June 2025.

	As of 30 June			
	2025		2024	
	Number of stores	%	Number of stores	%
First-tier cities	784	9.3	852	10.2
New first-tier cities	2,147	25.4	2,192	26.1
Second-tier cities	1,688	20.0	1,710	20.4
Third-tier cities	1,618	19.2	1,605	19.1
Fourth-tier and below cities	2,207	26.1	2,026	24.2
Total	8,444	100.0	8,385	100.0

During the Reporting Period, we continued to optimize the operational quality of our store terminals. The number of our stores in China steadily increased from 8,385 as of 30 June 2024 to 8,444 as of 30 June 2025, representing a year-on-year increase of 0.7%.

We strategically maintained a limited number of self-operated stores in core cities to create an immersive consumer experience, serving as a platform for brand image presentation and innovative scenarios. As of 30 June 2025, we had fourteen self-operated stores, among which the flagship store in Kuanzhai Alley, Chengdu, which opened in May 2025, drew inspiration from Chuan-Shu culture and incorporated elements of handmade tea beverages, scene-based experiences, and cultural tourism interactions, further enhancing the brand's cultural value and consumer experience.

We continued to advance our overseas business as scheduled. As of 30 June 2025, we have opened 21 stores overseas with eleven in South Korea, four in Malaysia, one in Thailand, two in Australia, one in Hong Kong, China, one in Macao, China, and one in Spain, respectively, and we have continuously improved our supply chain, local R&D capabilities, and brand promotion efforts in response to overseas market demands.

Management Discussion and Analysis

Our Franchise Model

During the Reporting Period, our ChaPanda store network primarily consisted of franchised stores. We maintain strong oversight towards franchised stores, ensuring that every aspect of store operation is properly managed and optimized for success. Our involvement throughout the operations of franchised stores encompasses participation in planning and location selection and provision of in-depth training to franchisees and in-store staff on various aspects such as procurement, staff recruitment, quality control and daily management. Additionally, we supply raw materials, equipment, and provide logistics, operation and marketing services to support our franchisees in their pursuit of success. Franchisees primarily focus on the day-to-day operation and maintenance of their stores, on-site staff management and customer service. By dividing responsibilities in this manner, we ensure that our franchisees receive the necessary support and guidance while maintaining their autonomy in managing their stores. This approach fosters a strong partnership between us and the franchisees, contributing to the overall success and growth of the ChaPanda brand.

The following table sets forth the movement of the number of our franchisees for the periods indicated.

	Number of franchisees Six months ended 30 June	
	2025	2024
At the beginning of the period	5,742	5,538
Enrolled during the period	596	667
Terminated during the period ^{(1) (2)}	(505)	(508)
At the end of the period	5,833	5,697

The following table sets forth the movement of the number of our franchised stores for the periods indicated.

	Number of franchised stores Six months ended 30 June	
	2025	2024
At the beginning of the period	8,382	7,795
Enrolled during the period	466	826
Terminated during the period ⁽²⁾	(418)	(245)
At the end of the period	8,430	8,376

Management Discussion and Analysis

Notes:

- (1) As of 30 June 2025, the 505 franchisees with whom the collaboration was terminated include (i) 265 franchisees who departed through transfer of stores to other franchisees; (ii) 228 franchisees who terminated collaboration with us for their own reasons or did not renew collaboration with us upon agreement expiration; and (iii) 12 franchisees with whom the collaboration was terminated by us.
- (2) As of 30 June 2025, the number of franchisees with whom the collaboration was terminated is greater than the number of closed franchised stores during the same period, primarily because that for 265 franchisees with whom the collaboration was terminated as of 30 June 2025, their stores were taken up by other franchisees for continuous operation. With respect to the 418 closed franchised stores as of 30 June 2025, there were 139 closed franchised stores for which we also terminated relationships with the relevant franchisees, and there were 279 closed franchised stores for which we maintained relationships with the relevant franchisees as they have one or more stores under operation despite the store closure.

Product Development

Our product portfolio includes a wide range of classic tea drinks, seasonal tea drinks and regional tea drinks. In ChaPanda stores, our classic tea drinks are typically available throughout the year, whereas seasonal tea drinks and regional tea drinks are only sold in limited time periods or certain regions, primarily depending on accessibility of relevant seasonal fruits or local specialty fruits, consumer acceptance and sales and marketing considerations.

We always maintain strict control over the quality of raw materials, and while preserving heritage flavors, we also constantly drive product innovation and explore consumer demands. During the Reporting Period, we have launched 55 new products, and upgraded 9 products specially for Chinese market, among which, Litchi Iced Milk (荔枝冰奶) features fresh litchis, a seven-fold scented jasmine silver needle white tea base, and high-quality milk, delivering a balance between smooth texture and fresh fruit essences, and gaining widespread popularity among consumers after its launch.

Supply Chain Management

During the Reporting Period, the Group continued to improve its supply chain network layout, enhancing the efficiency of raw materials procurement, warehouse and distribution efficiency, as well as the quality of delivery. As of 30 June 2025, we had set up 26 warehouse and distribution hubs nationwide. In the first half of 2025, a new warehouse was established in Qingdao, further enhancing the distribution service capabilities in the East China region.

The warehouse and distribution hubs in each region are responsible for serving the surrounding stores within an average distribution radius of 500 kilometers. Approximately 93.8% of stores can receive next day delivery after placing an order and approximately 95% of stores can receive delivery services twice or more times a week while overnight delivery routes have been implementing in Beijing, Shanghai, Chengdu and Chongqing, etc, covering over 500 stores. We set up temperature-controlled storage and delivery hubs to provide near-me delivery so that time, efficiency and frequency can be enhanced while fresh and high-quality raw materials can be ensured to deliver to stores.

As of 30 June 2025, the Group has achieved the store coverage of 80% for the centralized delivery of fruits to ChaPanda stores. By expanding origin procurement, trunk line distribution, urban distribution and express delivery, the Group continues to optimize the fruit supply chain. We have established a full-chain, high-frequency and cold-chain supply network, enabling efficient supply and rapid turnover of delicate fruits such as cherries, mulberries, bayberries and litchis from the production areas to the stores.

Management Discussion and Analysis

In terms of upstream raw materials layout, the Group's production base for whole leaf tea in Fuzhou, Fujian Province, and the production base for packaging materials in Chengdu, Sichuan Province, continued to carry out technological upgrading for production equipment, further improving the quality of raw materials, ensuring stable supply of tea leaves and packaging materials, and guaranteeing the quality of beverages in stores.

To meet the needs of the overseas business development of the Company, the Group proactively engaged in import and export matters in various countries and regions, improved delivery management and promoted the application of information systems to fully support the Company's overseas business development.

Branding and Marketing

We continue to enhance user stickiness through membership loyalty programs and incentivized referrals, optimizing the member experience and consolidating our core consumer base. As of 30 June 2025, we had over 159.5 million registered members and 34.2 million active members.

During the Reporting Period, centered around new product launches and brand anniversary campaigns, we employed an integrated approach utilizing digital marketing, cross-brand collaborations, celebrity endorsements and other strategies to continuously expand our brand voice. We also enriched interactive scenarios with consumers, further enhanced user engagement and participation, and deepened brand recognition. As of 30 June 2025, "ChaPanda" brand-related major topics were read/played 20.4 billion times on mainstream public information platforms, such as Weibo, Douyin, Red Note, Kuaishou, etc., and 860 million times via official matrix media on self-media platforms; and we received over 850 million exposures through advertising and other means.

Digitalization

Growth through digital marketing and innovation. We continue to focus on platforms such as WeChat, Douyin and Alipay, deeply integrating their capabilities to expand transaction channels. During the Reporting Period, the Group has established three new cross-industry collaboration channels to further diversify our customer acquisition pathways. The Group consistently enhances user-friendly marketing tools, introducing innovative interactive features and membership services for users, with more than nine offerings in total. While continuously providing more marketing tools to headquarters, we have also empowered regional branches and stores with greater autonomous marketing capabilities by setting up regional marketing workstations and in-store marketing tool systems.

Continuous advancement and integration of third-party capabilities to improve store operation quality and efficiency. By enhancing the data service capabilities of our site selection system, we have optimized and upgraded our investment attraction system to provide richer customer tags and offer data tools for store evaluation. Focusing on stores as our core operational priority, the Group equip operational management with tools covering store profitability models, evaluations and health management systems, thereby improving the efficiency of supervision and store operations. Additionally, through exploring the application of intelligent preparation technologies in stores, we aim to reduce the risk of stockouts and minimize waste.

Management Discussion and Analysis

Outlook

In the second half of 2025, in line with the Group's development strategy, we will continue to enhance the quality of store operations, promote the expansion of the store network, aiming to further penetrate the domestic market, and steadily advance our overseas market presence. We will also continue to strengthen product R&D capabilities and expand the product matrix to develop more products that align with market trends and consumer demands. We will constantly improve supply chain coordination and delivery capabilities to enhance overall operational efficiency, strengthen brand building and consumer connection, and continuously enrich brand connotations. Meanwhile, faced with an increasingly competitive freshly-made tea drinks market, we will strengthen cost control and risk management, actively seize market opportunities, and prudently navigate various challenges.

Finance Review

Revenue and gross profit

During the Reporting Period, the Group recorded revenue of RMB2,499.6 million, representing an increase of 4.3% as compared to RMB2,395.8 million in the first half of last year; gross profit of RMB814.8 million, representing an increase of 7.2% as compared to RMB760.1 million in the first half of last year. During the Reporting Period, the Group's gross profit margin increased by 0.9 percentage points to 32.6% from 31.7% for the same period of last year.

Other income

During the Reporting Period, the Group's other income amounted to RMB23.7 million, representing a decrease of 4.4% as compared to RMB24.8 million in the first half of last year, mainly due to the decrease in interest income resulting from the decline in bank deposit interest rates.

Distribution and selling expenses

During the Reporting Period, the Group's distribution and selling expenses amounted to RMB150.1 million, representing an increase of 42.7% as compared to RMB105.2 million in the first half of last year, which was mainly due to the fact that: (i) to respond to market competition and align with frequency of new product launches, the Group increased its expenses related to new product launches; (ii) to further enhance brand awareness, the Group continued to expand its brand voice and influence through strategies such as digital marketing, IP marketing, crossover cooperation, celebrity endorsement and anniversary events; and (iii) to implement the brand building and marketing strategy, the average remuneration of employees in the distribution and sales department increased compared to that in the first half of last year.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to RMB257.4 million, representing an increase of 17.9% as compared to RMB218.4 million in the first half of last year, mainly due to the increase in employee remuneration and third-party consulting service fees.

Management Discussion and Analysis

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to RMB14.1 million, representing a decrease of 2.8% as compared to RMB14.5 million in the first half of last year, which was basically flat with that in the corresponding period of last year.

Other expenses

During the Reporting Period, the Group's other expenses amounted to RMB1.1 million, representing a decrease of 31.3% as compared to RMB1.6 million in the first half of last year, mainly due to the decrease in the donations to social welfare organizations during the year.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB2.1 million, representing a decrease of 22.2% as compared to RMB2.7 million in the first half of last year, mainly varies with the changes in lease liabilities.

Income tax expense

During the Reporting Period, the Group's income tax expense was RMB80.7 million, representing an increase of 14.0% as compared to RMB70.8 million in the first half of last year, mainly due to the increase in taxable income.

Profit for the period

As a result of the aforementioned changes, the Group's profit for the Reporting Period increased by 39.5% from RMB238.6 million in the first half of last year to RMB332.9 million.

Non-IFRS measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, the Group also uses certain non-IFRS measures, namely, adjusted EBITDA, adjusted EBITDA margin, adjusted net profit and adjusted net profit margin, as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS. The Group believes that non-IFRS measures facilitate comparisons of the Group's operating performance by eliminating potential impacts of certain items. The Group also believes that such non-IFRS measures present useful information in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the Group's presentation of such non-IFRS measures 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 Shareholders and potential investors should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

Management Discussion and Analysis

The following table reconciles the Group's EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and our adjusted net profit (non-IFRS measure) to our profits for the periods presented in accordance with IFRS, for the periods indicated.

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit for the period	332,913	238,628
Add:		
Income tax expense	80,654	70,752
Depreciation and amortization	46,291	42,079
Finance costs	2,060	2,664
Interest income	(18,217)	(21,629)
EBITDA (non-IFRS measure)	443,701	332,494
Add:		
Listing expenses charged in profit or loss ⁽¹⁾	–	7,197
Equity-settled share-based payment expenses ⁽²⁾	7,433	3,832
Loss on fair value change of redeemable shares with other preferential rights ⁽³⁾	–	145,221
Adjusted EBITDA (non-IFRS measure)	451,134	488,744
Adjusted EBITDA margin (non-IFRS measure)	18.0%	20.4%
Profit for the period	332,913	238,628
Add:		
Listing expenses charged in profit or loss ⁽¹⁾	–	7,197
Equity-settled share-based payment expenses ⁽²⁾	7,433	3,832
Loss on fair value change of redeemable shares with other preferential rights ⁽³⁾	–	145,221
Adjusted net profit (non-IFRS measure)	340,346	394,878
Adjusted net profit margin (non-IFRS measure)	13.6%	16.5%

Management Discussion and Analysis

Notes:

- (1) Listing expenses charged in profit or loss related to the Global Offering of the Company.
- (2) Equity-settled share-based payment expenses represent the fair value of the shares granted at the date of grant, taking into account the consideration for subscription of the equity interests. The item is adjusted as it is non-cash, and is not expected to result in our future cash payments.
- (3) Loss on fair value change of redeemable shares with other preferential rights represents the fair value change of redeemable shares with other preferential rights. The redeemable shares with other preferential rights were redesignated from liability to equity as a result of the termination of special rights upon listing of the Company. The item is adjusted as it is non-cash and is not expected to result in our future cash payments.

Cash and cash equivalents

As at 30 June 2025, the total balance of cash and cash equivalents of the Group was RMB3,243.9 million, representing a decrease of 8.9% as compared to RMB3,559.9 million as at 31 December 2024, mainly due to the payment of the prior year's profit distribution for the first half of 2025.

Inventories

During the Reporting Period, the Group focused on key items and improved operational efficiency. The Group's inventories decreased from RMB206.8 million as at 31 December 2024 to RMB188.4 million as at 30 June 2025. Inventory turnover days decreased from 22.1 days as at 31 December 2024 to 21.2 days as at 30 June 2025, due to continuous implementation of refined supply chain management by the Group.

Trade and other receivables, deposits and prepayments

The Group's trade and other receivables, deposits and prepayments decreased from RMB228.5 million as at 31 December 2024 to RMB211.6 million as at 30 June 2025. Trade receivables turnover days increased from 0.6 days as at 31 December 2024 to 1.0 days as at 30 June 2025, mainly due to the fact that repayments can be made by instalments and a portion of the sales consideration will be recovered after one year under the payment terms stipulated in the franchise contracts with certain franchisees.

Trade and other payables

The Group's trade and other payables decreased from RMB674.5 million as at 31 December 2024 to RMB604.5 million as at 30 June 2025. Trade payables turnover days decreased from 35.1 days as at 31 December 2024 to 31.3 days as at 30 June 2025, mainly due to temporary adjustments to the settlement methods with certain suppliers.

Bank borrowings

As of 30 June 2025, the Group did not have any bank borrowings.

Contract liabilities

The Group's contract liabilities decreased from RMB219.3 million as at 31 December 2024 to RMB158.5 million as at 30 June 2025, mainly due to the Group's granting of some concessions to franchisees for the sale of goods and equipment and deduction of franchise fees payable by new stores, which resulted in a decrease in prepayments from franchisees.

Management Discussion and Analysis

Lease liabilities

The Group's lease liabilities decreased from RMB105.5 million as of 31 December 2024 to RMB85.3 million as of 30 June 2025, mainly due to the changes in lease payments.

Property, plant and equipment

The Group's carrying amounts of property, plant and equipment increased from RMB216.5 million as of 31 December 2024 to RMB222.3 million as of 30 June 2025, mainly due to the upgrade of the R&D facilities and increased investment for the establishment of flagship store in Kuanzhai Alley, Chengdu and to a lesser extent, the normal depreciation of property, plant and equipment.

Liquidity and capital resources

The Group has adopted a prudential liquidity management policy. The Group attached great importance to the supply and acquisition of capital at any time and had sufficient stand-by banking facilities to support daily operations and meet funding needs for future development, so as to maintain a stable liquidity. During the Reporting Period, the Group's business was mainly funded by cash generated from operating activities. As of 31 December 2024 and 30 June 2025, the Group's cash and cash equivalents amounted to RMB3,559.9 million and RMB3,243.9 million, respectively. The Group's cash is mainly used for the fulfillment of its business operation requirements. The Group's capital needs are satisfied by cash generated from operating activities, the proceeds from the Global Offering and other future equity or debt financings.

Foreign exchange risk

The Group's principal place of business is in the PRC. The Group was mainly exposed to foreign exchange risk associated with proceeds from the Global Offering denominated in Hong Kong dollars and certain bank deposits denominated in U.S. dollars. During the Reporting Period, the Group did not conduct any foreign exchange hedging-related activity. However, the Group's management, upon continuously supervising foreign exchange risk, will consider adopting appropriate hedging strategies when necessary.

Contingent liabilities

As of 30 June 2025, the Group had no significant contingent liabilities.

Capital commitments

As of 30 June 2025, the Group's capital commitments amounted to approximately RMB22.5 million, which mainly represents the capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the historical financial information and commitments to investments in joint ventures.

Management Discussion and Analysis

Pledge of assets

As at 30 June 2025, no assets of the Group were pledged by the Group.

Gearing ratio

As of 30 June 2025, the Group did not have any bank borrowings. Accordingly, no gearing ratio is presented herein.

Significant investments, material acquisitions and disposals

As of 30 June 2025, the Group neither had any significant investments (including any investments in an investee with a value of 5% or more of the Group's total assets as of 30 June 2025), nor material acquisitions or disposals in relation to subsidiaries, associates and joint ventures. We subscribed for wealth management products from financial institutions for cash management. During the Reporting Period and as at the Latest Practicable Date, there was no information in respect of subscription for such wealth management products from a single financial institution required to be disclosed pursuant to Chapter 14, Chapter 14A or Appendix D2 of the Listing Rules. The subscription for such wealth management products did not utilize the Company's proceeds from the Global Offering.

Future plans for material investments or capital assets

As at the Latest Practicable Date, the Group currently has no future plans for other material investments or capital assets other than the "Future Plans and Use of Proceeds" as disclosed in the Prospectus.

Employees and remuneration policies

As at 30 June 2025, the Group had 2,133 employees, and the total employee benefit expenses (including Directors' remuneration) during the Reporting Period were RMB225.7 million. The level of salaries and benefits was determined by the Group for its employees with reference to the market and their respective individual qualifications and abilities, and incentive mechanisms such as performance bonuses were established.

The Group continued to improve employee promotion policy and career development channel, and provide staff with fair career development opportunities, to motivate internal driving force and accelerate talent growth. The Company kept optimizing the talent development system, and adopted an online-offline combination mode, offering staff an online learning platform and rich, cutting-edge curriculum resources focusing on general, professional and talent development training topics, so as to meet the learning and development needs in different scenarios, thereby supporting staff career advancement.

Management Discussion and Analysis

For the purposes of rendering improvement to the Company's incentive mechanism, inspiring key employees to contribute their enthusiasm and creativity, facilitating sustainable growth of the Group's performance, and bringing value-added benefits to the eligible participants while enhancing the Group's value, so as to achieve the common development for both eligible participants and the Group. As considered and approved by the extraordinary general meeting of the Company held on 27 June 2023, the Company adopted the Pre-IPO Employee Incentive Scheme, and established Tongchuang Gongjin, (serving as a Pre-IPO Employee Incentive Platform). 6,386,000 shares of the Company were subscribed for by Tongchuang Gongjin, representing approximately 0.4322% of the total issued Shares of the Company. The awards of underlying Shares were granted to eligible participants on 10 August 2023, and all contribution payments have been fully paid. There will be no further Shares granted by the Company after the listing pursuant to the Pre-IPO Employee Incentive Scheme. For more details of the Pre-IPO Employee Incentive Scheme, please refer to "Statutory and General Information – 5. Pre-IPO Employee Incentive Scheme" in Appendix VI to the Prospectus.

Significant event after the Reporting Period

Since 30 June 2025 and up to the Latest Practicable Date, the Group did not have any material events.

Corporate Governance and Other Information

Interests and Short Positions of Directors, Supervisors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2025, the following Directors, Supervisors and chief executive had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will be required, pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or entered in the register that shall be maintained by the Company pursuant to Section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(i) Interests in the Company

Name	Position	Nature of Interest	Class of Shares	Number of Shares held as at 30 June 2025	Approximate percentage of the number of shares held as at 30 June 2025 to the total share capital of the Company
Mr. Wang	Chairman of the Board and executive Director	Beneficial owner	H Shares	239,598,750 (L)	16.2150%
		Interest of spouse	H Shares	76,399,250 (L)	5.1704%
		Interest in controlled corporations ⁽²⁾	H Shares	906,386,000 (L)	61.3404%
Ms. Liu (the spouse of Mr. Wang)	Supervisor	Beneficial owner	H Shares	76,399,250 (L)	5.1704%
		Interest of spouse	H Shares	239,598,750 (L)	16.2150%
		Interest in controlled corporations ⁽²⁾	H Shares	906,386,000 (L)	61.3404%
Ms. Dai Li	Executive Director and deputy general manager (centralized management center)	Beneficial owner	H Shares	17,505,000 (L)	1.1847%
Mr. Wang Hongxue	Executive Director and general manager (president)	Beneficial owner	H Shares	8,505,000 (L)	0.5756%
Mr. Chen Keyuan	Executive Director and head of the legal and internal control center of the Group	Beneficial owner	H Shares	2,992,500 (L)	0.2025%

Corporate Governance and Other Information

Notes:

- (1) The letter “L” stands for long position.
- (2) Hengsheng Herui is indirectly controlled by Mr. Wang and Ms. Liu, through Chengdu Jinbosen. Chengdu Jinbosen is a limited liability company established in the PRC and owned as to 60% and 40% by Mr. Wang and Ms. Liu, respectively, and is interested in 84.888% equity interests of Hengsheng Herui. As of the end of the Reporting Period, Hengsheng Herui held 900,000,000 Shares of the Company, representing approximately 60.9082% of the issued share capital of the Company. By virtue of the SFO, each of Mr. Wang, Ms. Liu and Chengdu Jinbosen is deemed to be interested in the Shares held by Hengsheng Herui.
- (3) Tongchuang Gongjin, our Pre-IPO Employee Incentive Platform established as a limited partnership, held 6,386,000 Shares directly, is controlled by Mr. Wang as its sole general partner. Mr. Wang is therefore deemed to be interested in the Shares held by Tongchuang Gongjin under the SFO.

(ii) Interests in associated corporations of the Company

Name	Position in the Company	Nature of Interest	Name of associated corporation ⁽³⁾	Approximate percentage of shareholding in the associated corporation
Mr. Wang ⁽²⁾	Chairman of the Board and executive Director	Interest in controlled corporation (L)	Hengsheng Herui	84.8880%
		Interest of spouse (L)	Hengsheng Herui	84.8880%
Ms. Liu ⁽²⁾	Supervisor	Interest in controlled corporation (L)	Hengsheng Herui	84.8880%
		Interest of spouse (L)	Hengsheng Herui	84.8880%
Ms. Dai Li ⁽³⁾	Executive Director	Interest in controlled corporation (L)	Hengsheng Herui	7.7800%
Mr. Wang Hongxue ⁽³⁾	Executive Director	Interest in controlled corporation (L)	Hengsheng Herui	3.7800%
Mr. Chen Keyuan ⁽³⁾	Executive Director	Interest in controlled corporation (L)	Hengsheng Herui	1.3300%

Notes:

- (1) The letter “L” stands for long position.
- (2) Mr. Wang and Ms. Liu are spouses. As of the end of the Reporting Period, Chengdu Jinbosen was held as to 60% and 40% by Mr. Wang and Ms. Liu, respectively, and Chengdu Jinbosen holds 84.888% equity interests in Hengsheng Herui. Therefore, both Ms. Liu and Mr. Wang are deemed to be interested in the Shares held by Chengdu Jinbosen as the controlled corporation of Ms. Liu, and as the spouse interests.
- (3) As of the end of the Reporting Period, Hengsheng Herui was held as to 84.888% by Chengdu Jinbosen, 7.78% by Ms. Dai Li, 3.78% by Mr. Wang Hongxue, 2.222% by Ms. Gu Jilin and 1.33% by Mr. Chen Keyuan, each through their respective wholly-owned investment vehicles.

Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions 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 be required, pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or entered in the register that shall be maintained by the Company pursuant to Section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

During the Reporting Period, the Company has not authorized the Directors, Supervisors and chief executive of the Company (including their spouses and children under the age of 18) to subscribe for the shares or debentures of the Company and its associated corporations.

Interests and short positions of the substantial shareholders in the shares and underlying shares of the Company

As at 30 June 2025, so far as the Directors are aware, the following persons (not being Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which will be required, pursuant to Divisions 2 and 3 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or entered in the register that shall be maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held as at 30 June 2025	Approximate percentage of the number of Shares held as at 30 June 2025 to the total share capital of the Company
Chengdu Jinbosen ⁽²⁾	Interest in controlled corporation	H Shares	900,000,000 (L)	60.9082%
Hengsheng Herui ⁽²⁾	Beneficial owner	H Shares	900,000,000 (L)	60.9082%

Notes:

- (1) The letter "L" stands for long position.
- (2) Hengsheng Herui is indirectly controlled by Mr. Wang and Ms. Liu, through Chengdu Jinbosen, which is wholly owned by Mr. Wang and Ms. Liu collectively. By virtue of the SFO, each of Mr. Wang, Ms. Liu and Chengdu Jinbosen is deemed to be interested in the Shares held by Hengsheng Herui.

Save as disclosed above, as at 30 June 2025, so far as the Directors were aware, there were no other persons (not being Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which will be required, pursuant to Divisions 2 and 3 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or entered in the register that shall be maintained by the Company pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

The Board of Directors and Supervisory Committee

During the Reporting Period, there was no change in the composition of the Board of Directors and Supervisory Committee.

As at the date of this interim report, the members of the Board of Directors are:

Mr. Wang Xiaokun (*Chairman of the Board and executive Director*)

Mr. Wang Hongxue (*executive Director*)

Ms. Dai Li (*executive Director*)

Mr. Chen Keyuan (*executive Director*)

Dr. Chen Da (*non-executive Director*)

Mr. Yeung Chi Tat (*independent non-executive Director*)

Dr. Tang Yong (*independent non-executive Director*)

Ms. Cheng Li (*independent non-executive Director*)

As at the date of this interim report, the members of the Supervisory Committee are:

Ms. Liu Weihong (*Chairwoman of the Supervisory Committee*)

Mr. Zhu Mingxing (*Supervisor*)

Mr. Zhang Yu (*Supervisor*)

Note:

Mr. Wang, our Chairman and executive Director, and Ms. Liu, our Supervisor, are spouses. Mr. Zhang Yu, our Supervisor, is a cousin of Mr. Wang. Save as disclosed above, each of our Directors had no relationship with other Directors, Supervisors or senior management members of our Company as of the end of the Reporting Period.

From the date of publication of the 2024 annual report and up to the date of this interim report, changes in the information relating to the Directors, Supervisors and chief executive of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

Dr. Chen Da has ceased to be a managing director of Orchid Asia Group Management, Limited (蘭馨亞洲投資集團) since April 2025. Dr. Chen Da served as a director of Wilderness (Beijing) Private Equity Fund Management Co., Ltd. (曠野(北京)私募基金管理有限公司) since May 2025.

Save as disclosed above, there have been no other changes in the Directors, Supervisors and chief executive of the Company and their information from the date of publication of the 2024 annual report and up to the date of this interim report.

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code as its own code of corporate governance. The Company has, to the best knowledge of the Directors, complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code for the six months ended 30 June 2025.

Corporate Governance and Other Information

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct for securities transactions by Directors and Supervisors. Having made specific enquiries of all Directors and Supervisors, each of the Directors and Supervisors acknowledged that he/she had complied with the Model Code for the six months ended 30 June 2025.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the six months ended 30 June 2025, the Company or any of its subsidiaries did not purchase, sell or redeem any securities of the Company (including the sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on 23 April 2024 and 147,763,400 new Shares were issued at an offer price of HK\$17.50 per Share. After deducting underwriting commissions, fees and other expenses in relation to the Global Offering, the net proceeds from the listing amounted to approximately HK\$2,463.3 million. The proceeds from the listing have been and will continue to be utilized according to the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, with details as follows:

Item	Percentage	Proceeds allocated for related purpose (HK\$ million)	Utilized proceeds during the Reporting Period (HK\$ million)	Unutilized proceeds as of the end of the Reporting Period (HK\$ million)	Expected timetable for the fully utilizing of unutilized proceeds
Improve our overall operation capabilities and strengthen our supply chain	51%	1,256.3	151.8	839.3	June 2027
Develop our digitalization capabilities, and engage and train professional talents	20%	492.7	78.8	320.8	June 2027
Branding and promoting activities	12%	295.6	7.2	–	
Promote our self-operated coffee brand and develop the coffee shop network across China	5%	123.1	2.7	119.0	June 2027
Product development and innovation, including recruiting, training and retaining in-house research and development personnel and building a research and development center at our headquarters equipped with advanced software and hardware to streamline and enhance our product development endeavors	2%	49.3	5.7	37.0	June 2027
Working capital and general corporate purposes	10%	246.3	118.1	–	
Total	100%	2,463.3	364.3	1,316.1	



Corporate Governance and Other Information

We have placed the unutilized net proceeds in interest-bearing accounts of licensed commercial banks or financial institutions in China or Hong Kong. We will comply with the laws of China in relation to foreign exchange registration and remittance of the proceeds.

Pre-IPO Employee Incentive Scheme

The Group adopted the Pre-IPO Employee Incentive Scheme on 27 June 2023 and established a limited partnership, Sichuan Tongchuang Gongjin Enterprise Management Partnership (Limited Partnership) (四川同創共進企業管理合夥企業(有限合夥)), as the Pre-IPO Employee Incentive Platform, with a view to improving the enthusiasm and creativity of the eligible participants of the Pre-IPO Employee Incentive Scheme, promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the eligible participants while enhancing the value of the Group, and thus realizing the common development of both the eligible participants and the Group. Since the Pre-IPO Employee Incentive Scheme will not involve the granting of new Shares or incentives after the listing of the Company, the provisions of the Pre-IPO Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

As of the date of this interim report, the incentives corresponding to the total 6,386,000 Shares (accounting for approximately 0.4322% of the total issued Shares of the Company) under the Pre-IPO Employee Incentive Scheme have been granted to the eligible participants. No further Shares will be granted according to the Pre-IPO Employee Incentive Scheme after the listing. Please refer to the Prospectus of the Company dated 15 April 2024 for further details about the Pre-IPO Employee Incentive Scheme.

Interim Dividend

Pursuant to the Company's profit distribution policy, it is proposed by the Board that a cash dividend of RMB0.18 (before tax) per Share for the 2025 interim dividend to all Shareholders of the Company based on the total share capital of 1,477,634,250 Shares of the Company after the listing and issuance of its H Shares. The resolution on payment of interim dividend shall be subject to consideration and approval at the 2025 first extraordinary general meeting on 23 September 2025. The Company will distribute a total cash dividend of RMB265,974,165, which is anticipated to be paid on or around Tuesday, 28 October 2025.

Closure of Register of Members

For the purpose of determining the entitlement to the proposed 2025 interim dividend, the record date will be fixed at Friday, 3 October 2025, and the register of members of the Company will be closed from Tuesday, 30 September 2025 to Friday, 3 October 2025 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the proposed 2025 interim dividend, holders of H Shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 29 September 2025.

Substantial Lawsuits and Arbitration Matters

During the Reporting Period, the Group had no lawsuit or arbitration matter which had a significant impact on the operating activities.

Corporate Governance and Other Information

Review of the Interim Report

The Audit Committee of the Board comprises Dr. Chen Da as a non-executive Director and Mr. Yeung Chi Tat and Ms. Cheng Li as independent non-executive Directors, and Mr. Yeung Chi Tat serves as the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters with the management of the Company, and has also reviewed this interim report and the Group's unaudited interim results for the six months ended 30 June 2025.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have also been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu (Hong Kong Certified Public Accountants).

Public Float

Based on the publicly available information of the Company, so far as the Directors are aware, as at the date of this interim report, the public holds 15.31% of the issued Shares of the Company, which is in compliance with the requirements of the Listing Rules and waiver in relation to public float approved by the Stock Exchange. Please refer to "Waivers – Waiver in Relation to Public Float" in the Prospectus for details of the waiver in relation to public float.

Continuing Disclosure Obligations Pursuant to the Listing Rules

As of 30 June 2025, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF 四川百茶百道實業股份有限公司 SICHUAN BAICHA BAIDAO INDUSTRIAL CO., LTD.
(a joint stock company incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of 四川百茶百道實業股份有限公司(Sichuan Baicha Baidao Industrial Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 54, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410") issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements 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 International 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 August 2025

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	NOTES	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	2,499,550	2,395,829
Cost of sales		(1,684,788)	(1,635,773)
Gross profit		814,762	760,056
Other income	4	23,685	24,775
Loss on fair value change of redeemable shares with other preferential rights	16	–	(145,221)
Other gains and losses, net	5	8,418	26,276
Distribution and selling expenses		(150,149)	(105,229)
Administrative expenses		(257,375)	(218,364)
Research and development expenses		(14,126)	(14,519)
Other expenses		(1,106)	(1,600)
Listing expenses		–	(7,197)
Share of results of joint ventures		(8,482)	(6,933)
Finance costs		(2,060)	(2,664)
Profit before taxation		413,567	309,380
Income tax expense	6	(80,654)	(70,752)
Profit for the period	7	332,913	238,628
Other comprehensive expense			
<i>Items that will not be reclassified to profit and loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(148,915)	(23,499)
Income tax relating to item that will not be reclassified to profit or loss		7,190	5,875
		(141,725)	(17,624)

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	NOTE	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(4,369)	—
Other comprehensive expense for the period, net of income tax		(146,094)	(17,624)
Total comprehensive income for the period		186,819	221,004
Profit for the period attributable to:			
– Owners of the Company		325,903	237,047
– Non-controlling interests		7,010	1,581
		332,913	238,628
Total comprehensive income for the period attributable to:			
– Owners of the Company		179,809	219,423
– Non-controlling interests		7,010	1,581
		186,819	221,004
Earnings per share (in RMB)	9		
Basic		0.221	0.178
Diluted		0.221	0.177

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2025

	NOTES	2025 RMB'000 (unaudited)	2024 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	222,325	216,485
Right-of-use assets	10	120,518	139,954
Intangible assets	10	99,957	98,833
Investments in joint ventures		26,118	36,909
Equity instruments at FVTOCI	11	320,728	466,978
Financial assets at fair value through profit or loss ("FVTPL")	12	218,000	217,000
Other receivables and prepayments	13	40,110	29,579
Deferred tax assets	14	163,781	150,533
		<u>1,211,537</u>	<u>1,356,271</u>
Current assets			
Inventories		188,381	206,824
Trade and other receivables, deposits and prepayments	13	171,495	198,893
Amounts due from related parties		607	607
Financial assets at FVTPL	12	173,615	171,465
Cash and cash equivalents		3,243,920	3,559,917
		<u>3,778,018</u>	<u>4,137,706</u>
Current liabilities			
Trade and other payables	15	604,494	674,522
Contract liabilities		105,517	136,886
Income tax payables		43,244	27,124
Lease liabilities		39,947	40,743
Dividend payable	8	262,192	531,948
		<u>1,055,394</u>	<u>1,411,223</u>
Net current assets		<u>2,722,624</u>	<u>2,726,483</u>
Total assets less current liabilities		<u>3,934,161</u>	<u>4,082,754</u>

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2025

	NOTES	2025 RMB'000 (unaudited)	2024 RMB'000 (audited)
Non-current liabilities			
Contract liabilities		53,026	82,423
Lease liabilities		45,306	64,766
Deferred tax liabilities	14	1,253	1,872
		<u>99,585</u>	<u>149,061</u>
Net assets		<u>3,834,576</u>	<u>3,933,693</u>
Capital and reserves			
Share capital	17	147,763	147,763
Reserves		<u>3,653,133</u>	<u>3,761,418</u>
Equity attributable to owners of the Company		3,800,896	3,909,181
Non-controlling interests		<u>33,680</u>	<u>24,512</u>
Total Equity		<u>3,834,576</u>	<u>3,933,693</u>

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company										Total
	Share capital	Share premium	Statutory reserves	Share issued for Pre-IPO Employee Incentive reserve	Other reserves	Equity instrument at FVTOCI revaluation reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Note i)	(Note iii)	(Note ii)						
As at 1 January 2024 (audited)	125,639	–	99,550	(639)	144,309	–	–	454,217	823,076	23,570	846,646
Profit for the period	–	–	–	–	–	–	–	237,047	237,047	1,581	238,628
Other comprehensive expense for the period	–	–	–	–	–	(17,624)	–	–	(17,624)	–	(17,624)
Total comprehensive (expense) income for the period	–	–	–	–	–	(17,624)	–	237,047	219,423	1,581	221,004
Recognition of share-based payment (Note 19)	–	–	–	–	3,832	–	–	–	3,832	–	3,832
Dividends recognised as distribution (Note 8)	–	–	–	–	–	–	–	(413,738)	(413,738)	(13,200)	(426,938)
Issue of new shares upon initial public offering (the "IPO") (Note 17)	14,776	2,330,262	–	–	–	–	–	–	2,345,038	–	2,345,038
Transaction costs attributable to issue of new shares	–	(68,187)	–	–	–	–	–	–	(68,187)	–	(68,187)
Conversion of redeemable shares with other preferential rights into ordinary shares upon IPO (as defined and detailed in Note 16)	7,348	1,158,873	–	–	–	–	–	–	1,166,221	–	1,166,221
Transfer to statutory reserves	–	–	10,831	–	–	–	–	(10,831)	–	–	–
Capital contribution from non-controlling interests of a subsidiary (Note iv)	–	–	–	–	–	–	–	–	–	6,600	6,600
Forfeiture of Pre-IPO Employee Incentive Scheme (as defined and detailed in Note 19)	–	–	–	65	(65)	–	–	–	–	–	–
As at 30 June 2024 (unaudited)	<u>147,763</u>	<u>3,420,948</u>	<u>110,381</u>	<u>(574)</u>	<u>148,076</u>	<u>(17,624)</u>	<u>–</u>	<u>266,695</u>	<u>4,075,665</u>	<u>18,551</u>	<u>4,094,216</u>

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000 <i>(Note i)</i>	Scheme reserve RMB'000 <i>(Note iii)</i>	Other reserves RMB'000 <i>(Note ii)</i>	Equity instrument at FVTOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000			

As at 1 January 2025 (audited)	147,763	3,420,948	111,922	(548)	157,044	(316,657)	6,628	382,081	3,909,181	24,512	3,933,693
Profit for the period	–	–	–	–	–	–	–	325,903	325,903	7,010	332,913
Other comprehensive expense for the period	–	–	–	–	–	(141,725)	(4,369)	–	(146,094)	–	(146,094)
Total comprehensive (expense) income for the period	–	–	–	–	–	(141,725)	(4,369)	325,903	179,809	7,010	186,819
Recognition of share-based payment (Note 19)	–	–	–	–	7,433	–	–	–	7,433	–	7,433
Dividends recognised as distribution (Note 8)	–	–	–	–	–	–	–	(295,527)	(295,527)	–	(295,527)
Capital contribution from non-controlling interests of a subsidiary (Note v)	–	–	–	–	–	–	–	–	–	2,158	2,158
Disposal of FVTOCI (Note 11)	–	–	–	–	–	134,348	–	(134,348)	–	–	–
As at 30 June 2025 (unaudited)	147,763	3,420,948	111,922	(548)	164,477	(324,034)	2,259	278,109	3,800,896	33,680	3,834,576

Notes:

- Amount represented statutory reserves of the entities comprising the Group established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, companies established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.
- The other reserves represent: a) the impact of equity-settled share-based payments to certain key management personnel amounted to RMB114,876,000 as at 1 January 2023; and b) in August 2023, the cash consideration received by the Company under the Pre-IPO Employee Incentive Scheme (defined and detailed in Note 19), amounted to RMB29,433,000, had been recognised in capital reserve included in other reserves, as the Company did not have any obligation to repurchase any granted shares if they were subsequently forfeited or not vested.
- The shares issued to and held by Tongchuang Gongjin (defined in Note 19) under the Pre-IPO Employee Incentive Scheme were recognised as treasury shares by the Company and had been deducted from shareholders' equity as shown in equity under "Shares issued for Pre-IPO Employee Incentive Scheme reserve".
- In January 2024, 福州市清口茶業有限公司(Fuzhou Qingkou Tea Industry Co., Ltd.*) was established in the PRC as an indirectly non-wholly owned subsidiary of the Company and held by the Group as to 67%. During the six months ended 30 June 2024, the non-controlling interest paid the capital contribution at cash consideration of RMB6,600,000.
- In January 2025, ChaPanda Korea Co., Ltd. was incorporated in South Korea as an indirect non-wholly owned subsidiary of the Company and held by the Group as to 55%. During the current interim period, the non-controlling interest paid the capital contribution at cash consideration of Korean Won 427,500,000 (equivalent to approximately RMB2,158,000).

* English name is for identification purpose only.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Operating activities			
Operating cash flows before movements in working capital		451,263	452,009
Decrease (increase) in trade and other receivables, deposits and prepayments		15,783	(200,775)
Other changes in working capital		(186,751)	(197,457)
Net cash from operating activities		<u>280,295</u>	<u>53,777</u>
Investing activities			
Purchase of property, plant and equipment		(19,072)	(62,965)
Proceeds from disposal of property, plant and equipment		725	217
Purchase of intangible assets		(12,678)	(21,143)
Purchase of financial assets at FVTPL		(4,761,557)	(2,094,483)
Proceeds from redemption of financial assets at FVTPL		4,765,664	2,886,610
Placement of term deposits		–	(120,000)
Withdrawal of term deposits		–	230,000
Interest received from financial assets at FVTPL		1,048	11,758
Purchases of equity instruments at FVTOCI	11	(104,997)	(662,100)
Proceeds from disposal of equity instruments at FVTOCI	11	102,332	–
Payment for rental deposits		(1,789)	(1,596)
Refund of rental deposits		1,467	1,488
Interest income from banks		20,120	8,919
Investment in an associate		–	(52,000)
Net cash (used in) from investing activities		<u>(8,737)</u>	<u>124,705</u>
Financing activities			
Interest paid		(2,060)	(2,664)
Dividend paid		(565,283)	(13,200)
Capital injection from non-controlling interests		2,158	6,600
Repayments of lease liabilities		(22,370)	(30,278)
Payment for share issue costs		–	(64,992)
Proceeds from issuance of shares		–	2,345,038

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash (used in) from financing activities	<u>(587,555)</u>	<u>2,240,504</u>
Net (decrease) increase in cash and cash equivalents	(315,997)	2,418,986
Cash and cash equivalents at beginning of the period	<u>3,559,917</u>	<u>715,989</u>
Cash and cash equivalents at end of the period	<u>3,243,920</u>	<u>3,134,975</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

四川百茶百道實業股份有限公司(Sichuan Baicha Baidao Industrial Co., Ltd.*) (the “Company”) was established in the PRC on 31 December 2020 as a joint stock company under the Company Law of the PRC. Its parent is 四川恒盛合瑞實業集團有限公司(Sichuan Hengsheng Herui Industrial Group Co., Ltd.*) (“Hengsheng Herui”) (established in the PRC) and its ultimate parent is 成都錦柏森企業管理有限公司(Chengdu Jinbosen Enterprise Management Co., Ltd.*) (“Chengdu Jinbosen”) (established in the PRC). Its ultimate controlling parties are Mr. Wang Xiaokun (王霄鋸) and his spouse Ms. Liu Weihong (劉洵宏) (collectively the “Controlling Shareholders”), and Mr. Wang Xiaokun is also the chairman and an executive director of the Company. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 23 April 2024 (the “Listing”).

The Company acts as an investment holding company and its subsidiaries are engaged in the business of sales of equipment and goods to franchisees, as well as provision of royalty and franchising services to franchisees. The principal operations and geographic markets of the Company and its subsidiaries (the “Group”) are in the PRC.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the currency of the primary economic environment in which most the Group entities operate.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange.

* English name is for identification purpose only.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to International Financial Reporting Standards (“IFRSs”)

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with franchisees

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Sale of goods and equipment:		
– Goods	2,309,364	2,142,747
– Equipment	48,482	127,769
	<u>2,357,846</u>	<u>2,270,516</u>
Royalty and franchising income:		
– Non-refundable upfront initial fee	46,319	44,126
– Royalty income	46,827	44,994
– Pre-opening training services	7,461	9,158
	<u>100,607</u>	<u>98,278</u>
Others	<u>41,097</u>	<u>27,035</u>
	<u>2,499,550</u>	<u>2,395,829</u>

(ii) Segment information

Information is reported to Mr. Wang Xiaokun, who is one of the Controlling Shareholders and also an executive director of the Company, being the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. No other analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 “Operating Segments”.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grant	3,989	1,316
Interest income on:		
– bank deposits and certificate of deposits	18,217	21,629
Compensations received (<i>Note</i>)	1,479	1,830
	<u>23,685</u>	<u>24,775</u>

Note: Compensations mainly represent payments from the Group's suppliers for providing substandard products.

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	(48)	(371)
Gain on fair value change of financial assets at FVTPL	10,707	14,448
Net foreign exchange (losses)/gains	(3,301)	11,409
Others	1,060	790
	<u>8,418</u>	<u>26,276</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	87,331	75,233
Deferred tax (Note 14)	(6,677)	(4,481)
Total	80,654	70,752

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the statutory EIT rate of the Group operating in the PRC is 25%, except for certain subsidiaries that are engaged in the "Encouraged Industries in the Western Region" and eligible for the preferential EIT rate at 15%.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Share-based compensation	7,433	3,832
Cost of inventories recognised as expenses	1,651,171	1,625,676
Depreciation of property, plant and equipment	11,748	10,641
Amortisation of right-of-use assets	21,256	25,124
Amortisation of intangible assets	13,287	6,314

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. DIVIDENDS

For the period ended 30 June 2025

Dividend payable as at 31 December 2024 was paid to shareholders during the current period.

During the current interim period, a final dividend of RMB0.20 (before tax) per ordinary share with total dividends of RMB295,527,000 in respect of the year ended 31 December 2024 was declared to owners of the Company, among which RMB33,335,000 was paid during the current interim period, and the remaining amount was recorded in “dividend payable” in the condensed consolidated statement of financial position as at 30 June 2025.

Subsequent to the end of current interim period, an interim dividend in respect of the period ended 30 June 2025 of RMB0.18 (before tax) per ordinary share, in an aggregate amount of RMB265,974,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

For the period ended 30 June 2024

During the six months ended 30 June 2024, the Company’s subsidiaries declared and paid dividends of RMB13,200,000 for the non-controlling interests, in respect of the year ended 31 December 2023.

As at 31 December 2023, the Company had distributable amount of retained profits of RMB170,560,000. In January and March 2024, the Company’s subsidiaries further distributed dividends of RMB440,000,000 to the Company in respect of the year ended 31 December 2023. On 3 June 2024, the board of directors of the Company proposed 2023 annual dividend distribution of RMB413,738,000, representing RMB0.28 per share (the “Proposed Distribution”). The Proposed Distribution was approved by the shareholders of the Company on 25 June 2024.

On 29 July 2024, the board of directors of the Company proposed to withdraw the distribution, which was approved by the shareholders on 21 August 2024 (the “Withdrawal”).

After considering the advice from the Company’s legal advisor, the directors of the Company considered that both the Proposed Distribution and the Withdrawal are in compliance with the relevant PRC Company Laws and the provisions of the articles of association of the Company and were effective at the respective approval dates.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

9. EARNINGS PER SHARE

The calculation of the earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	325,903	237,047

	Six months ended 30 June	
	2025	2024
	Share	Share
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note (i))	1,472,159,250	1,334,174,474
Effect of dilutive potential ordinary shares:		
Dilutive effect of shares issued for Pre-IPO Employee Incentive Scheme (as defined in Note 19)	4,144,984	3,199,660
Weighted average number of ordinary shares for the purpose of diluted earnings per share (Note (iii))	1,476,304,234	1,337,374,134

Notes:

- (i) For the six months ended 30 June 2024, the weighted average number of ordinary shares for the purpose of basic earnings per share is determined on the assumption that the Share Subdivision as described in Note 17 had been effective at the beginning of the period.
- (ii) The computation of diluted earnings per share for the period ended 30 June 2024 does not assume the removal of other preferential rights attached on the Company's shares granted to the Pre-IPO Investors (the "Removal") and the exercise of over-allotment options as the Removal would result in an increase in earnings per share and the exercise price of those options was higher than the average market price of the shares over the over-allotment period.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, AND INTANGIBLE ASSETS

During the current interim period, the Group incurred RMB19,196,000 (six months ended 30 June 2024: RMB10,425,000) for property, plant and equipment in order to renovate of new office premise and expand/upgrade its manufacturing capabilities.

The amounts of construction in progress transferred to plants and machineries during the current interim period are RMB125,000 (six months ended 30 June 2024: RMB19,413,000).

During the period of six months ended 30 June 2024, the Group reached an agreement with the principal contractors in relation to the settlement amount of the finalised construction costs of a manufacturing plant and resulting in a downward adjustment to cost amounted to RMB18,073,000.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1.3 to 3 years. On date of lease commencement, the Group recognised right-of-use assets of RMB6,033,000 and lease liabilities of RMB6,033,000. During the six months ended 30 June 2024, the Group entered into several new lease agreements with lease terms ranged from 2 to 5 years. On date of lease commencement, the Group recognised right-of-use assets of RMB43,215,000 and lease liabilities of RMB43,215,000.

During the current interim period, the Group purchased RMB15,818,000 (six months ended 30 June 2024: RMB5,147,000) for intangible assets in relation to software.

11. EQUITY INSTRUMENTS AT FVTOCI

During the six months period ended 30 June 2024, the Group purchased equity investments in certain listed entities through wholly-owned funds at cash consideration of RMB402,100,000 and directly purchased equity instruments in certain listed entities at cash consideration of RMB50,000,000, respectively. These investments are not held for trading, instead, they are held for long-term strategic purposes and the Group continues to hold the aforementioned equity investments during current interim period. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the current interim period, due to the liquidation of a wholly owned fund, the underlying equity investments originally managed by the fund have been fully disposed and been repurchased through another investment platform at the same time. As a result, there is no substantial change to the holding of these equity investments by the Group.

Details of fair value measurement of equity instruments at FVTOCI are set out in Note 20.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Current		
Unlisted funds (<i>Note (i)</i>)	173,615	171,465
Non-current		
Investment in ordinary shares with other preferential rights	218,000	217,000
Total	391,615	388,465

Note:

- (i) Unlisted funds are classified as current as the management expects to realize these financial assets within twelve months after the reporting period.

Details of fair value measurement of financial assets at FVTPL are set out in Note 20.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Current		
Trade receivables (<i>Note (i)</i>)	17,910	9,274
Other receivables	12,224	10,555
Value-added tax recoverable	21,436	21,508
Lease deposits	1,688	1,182
Advances to staff	747	1,422
Prepayments for		
– raw materials, equipment and others	50,730	31,129
– advertising services (<i>Note (ii)</i>)	66,760	123,823
	<u>171,495</u>	<u>198,893</u>
Non-current		
Lease deposits	5,863	6,047
Prepayments for construction in progress	28	1,111
Prepayments for advertising services (<i>Note (ii)</i>)	34,219	22,421
	<u>40,110</u>	<u>29,579</u>
Total	<u>211,605</u>	<u>228,472</u>

Notes:

- (i) The Group's trade receivables are mainly due from certain royalty and franchising business. These primarily relate to a number of independent shops for whom there is no significant financial difficulty and based on past experience and management's assessment, the overdue amounts can be recovered. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.
- (ii) The amounts represent certain agreements entered between the Group and various third parties for future advertising services, of which amount of RMB34,219,000 (31 December 2024: RMB22,421,000) are not expected to be utilized within twelve months from the end of the reporting period. Therefore, the corresponding portion of prepayments are classified as non-current assets.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an aged analysis of trade receivables, presented based on the dates of delivery of goods/rendering of franchising service:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 90 days	17,910	9,274

The management of the Group closely monitors the credit quality of trade and other receivables and consider the debts are of a good credit quality.

The Group allows a credit period of 30 days to its franchisees for the royalty and franchising business.

As at 31 December 2024 and 30 June 2025, the amount of debtors, included in the Group's trade receivables balances that are past due, is insignificant and the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Deferred tax assets	163,781	150,533
Deferred tax liabilities	(1,253)	(1,872)
	<u>162,528</u>	<u>148,661</u>

	Timing difference on revenue recognition RMB'000	Tax losses RMB'000	Equity instrument at FVTOCI revaluation RMB'000	Timing difference on deferred deductible advertising expenses RMB'000	Others* RMB'000	Total RMB'000
At 1 January 2024 (audited)	61,747	13,192	–	6,802	333	82,074
(Charge) credit to profit or loss	(3,180)	3,117	–	5,239	(695)	4,481
Credit to other comprehensive income	–	–	5,875	–	–	5,875
At 30 June 2024 (unaudited)	58,567	16,309	5,875	12,041	(362)	92,430
(Charge) credit to profit or loss	(17,356)	(10,537)	–	32,127	(2,055)	2,179
Credit to other comprehensive income	–	–	54,052	–	–	54,052
At 31 December 2024 (audited)	41,211	5,772	59,927	44,168	(2,417)	148,661
Reclassification	–	44,783	(44,783)	–	–	–
(Charge) credit to profit or loss	(10,459)	6,045	–	9,515	1,567	6,677
Credit to other comprehensive income	–	–	7,190	–	–	7,190
At 30 June 2025 (unaudited)	<u>30,752</u>	<u>56,600</u>	<u>22,334</u>	<u>53,683</u>	<u>(841)</u>	<u>162,528</u>

* Others mainly represent the deferred tax assets and liabilities in relation to temporary differences arising from right-of-use assets and lease liabilities and timing difference on unrealised fair value changes of financial assets at FVTPL, all of which are not material.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

15. TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade payables (Note (i))	287,807	295,017
Deposits (Note (ii))	102,918	116,337
Operational support service fees (Note (iii))	27,792	22,792
Other payables	81,104	115,654
Payroll payable	72,826	86,548
Other tax payable	32,047	38,174
	<u>604,494</u>	<u>674,522</u>

Notes:

- (i) The outstanding payables mainly represent the amounts payable to suppliers of the finished goods and equipment as at 31 December 2024 and 30 June 2025.
- (ii) These amounts represent deposits received from franchisees which will be refunded at the end of their respective franchise periods unless renewals were made.
- (iii) The amounts mainly represent service fees payable to regional agents for assisting the Group to provide operational support services mainly in relation to the franchise network in newer regions and also managing and maintaining those corresponding franchisees based on the regional agency contracts.

The credit period of trade payables is generally from 30 to 90 days from the invoice date.

The following is an aged analysis of trade payables presented based on the invoice date:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 90 days	278,531	275,361
91 to 365 days	8,817	19,373
Over 365 days	459	283
	<u>287,807</u>	<u>295,017</u>

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. LOSS ON FAIR VALUE CHANGE OF REDEEMABLE SHARES WITH OTHER PREFERENTIAL RIGHTS

Pursuant to the capital increase and shareholders agreements entered into on 22 May 2023 and 19 June 2023, respectively, the Company issued 7,348,485 shares of the Company attached with certain special rights to TOWER QUALITY LIMITED (the "Leading Pre-IPO Investor"), 上海檀英投資合夥企業(有限合夥) (Shanghai Tanying Investment Partnership (Limited Partnership)*), 蘇州悅享股權投資合夥企業(有限合夥) (Suzhou Yuexiang Equity Investment Partnership (Limited Partnership)*), 成都新津昇望交子新消費股權投資基金合夥企業(有限合夥) (Chengdu Xinjin Shengwang Jiaozi New Consumer Equity Investment Fund Partnership (Limited Partnership)*), 南京黃番茄股權投資合夥企業(有限合夥) (Nanjing Yellow Tomato Equity Investment Partnership (Limited Partnership)*) and 中金同富(泉州)消費產業創業投資基金合夥企業(有限合夥) (CICC Tongfu (Quanzhou) Consumer Industry Venture Capital Fund Partnership (Limited Partnership)*), (collectively with the Leading Pre-IPO Investor, the "Pre-IPO Investors") at RMB132 per share for a total net cash proceed of approximately RMB970,000,000. The aforesaid transaction ("Pre-IPO Investments") was completed on 27 June 2023.

Upon successful IPO, certain redemption and other preferential rights granted to Pre-IPO Investors were terminated and all redeemable shares with other preferential rights were converted into ordinary shares. The fair value of the redeemable shares with other preferential rights were measured at the IPO issue price of Hong Kong dollar ("HK\$") 17.50 (equivalent to approximately RMB15.87) per share. As a result, all redeemable shares with other preferential rights were reclassified to share capital and share premium of the Company amounting to RMB7,348,000 and RMB1,158,873,000, respectively.

	Redeemable shares with other preferential rights RMB'000
As 1 January 2024 (audited)	1,021,000
Changes in fair value	145,221
Conversion to equity	(1,166,221)
As 31 December 2024 (audited) and 30 June 2025 (unaudited)	—

* English name is for identification purpose only.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares of RMB1 each (before Share Subdivision) and RMB0.1 each (after Share Subdivision) (as defined and detailed in Note (i))		
Authorised:		
At 1 January 2024 (audited)	132,987,085	132,987
Increase on Share Subdivision (Note (i))	1,196,883,765	–
Increase on issuance of new shares upon the IPO (Note (ii))	147,763,400	14,776
At 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	1,477,634,250	147,763
Issued and fully paid:		
At 1 January 2024 (audited)	125,638,600	125,639
Conversion of redeemable shares with other preferential rights upon the IPO (Note 16)	7,348,485	7,348
Share Subdivision (Note (i))	1,196,883,765	–
Issuance of new shares upon the IPO (Note (ii))	147,763,400	14,776
At 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	1,477,634,250	147,763

Notes:

- (i) Pursuant to the resolutions of the shareholders dated 10 August 2023, the shares are split on a one-for-ten basis immediately prior to the Listing, and the nominal value of the shares is changed from RMB1.0 each to RMB0.1 each (the "Share Subdivision"). Immediately after the Share Subdivision, the authorised share capital of the Company is RMB132,987,085 with 1,329,870,850 shares in a nominal value of RMB0.1 each.
- (ii) On 23 April 2024, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issuance of 147,763,400 new shares of RMB0.1 each issued at an offer price of HK\$17.50 (equivalent to approximately RMB15.87) per share and the total proceed was HK\$2,585,860,000 (equivalent to approximately RMB2,345,038,000).

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FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. CAPITAL COMMITMENTS

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Capital expenditure in respect of:		
the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements	12,477	21,999
Commitments to investment in the joint venture	10,000	10,000
	<u>22,477</u>	<u>31,999</u>

19. SHARE-BASED PAYMENTS

On 27 June 2023, the Group has adopted the pre-IPO employee incentive scheme (the “Pre-IPO Employee Incentive Scheme”) and established a limited partnership, Tongchuang Gongjin, as the pre-IPO employee incentive platform, with a view to improve the enthusiasm and creativity of the eligible participants of the Pre-IPO Employee Incentive Scheme (the “Eligible Participants”), promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the Eligible Participants while enhancing the value of the Group, and thus realising the common development of both the Eligible Participants and the Group. Tongchuang Gongjin had, in turn, subscribed for 638,600 shares, representing approximately 0.4802% of the total issued shares (as at the date of the adoption of the Pre-IPO Employee Incentive Scheme), including the redeemable shares with other preferential rights.

The Eligible Participants, as limited partners of the pre-IPO employee incentive platform, shall subscribe for partnership interest therein according to the amount approved by the board of directors of the Company, and make the corresponding contribution in accordance with the arrangement of the board of directors of the Company, thereby holding indirect interest in the shares of the Company.

The corresponding interests in Tongchuang Gongjin were granted to Eligible Participants on 10 August 2023 and all contribution payments have been paid in full. The Eligible Participants made aggregate contribution payments of RMB29,433,000 into the pre-IPO employee incentive platform, which in turn subscribed for 638,600 shares of the Company. The subscription price per each corresponding share underlying the awards granted, after Share Subdivision, would be RMB4.609 per share.

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FOR THE SIX MONTHS ENDED 30 JUNE 2025

19. SHARE-BASED PAYMENTS (continued)

The shares of the Company shall subject to transfer restrictions and such restrictions shall be released in the following manner:

- 30% of the total number of shares shall be released from transfer restrictions from the business day following the first anniversary of the date of listing to the last business day right before the second anniversary of the date of listing;
- 30% of the total number of shares shall be released from transfer restrictions from the business day following the second anniversary of the date of listing to the last business day before the third anniversary of the date of listing; and
- 40% of the total number of shares shall be released from transfer restrictions from the business day following the third anniversary of the date of listing to the last business day before the fourth anniversary of the date of listing.

In addition to the timetable sets forth above, the release of the shares shall be further subject to the achievement of the certain performance targets of the Company and the grantee respectively (individually and collectively, the "Performance Target(s)"). The remuneration committee of the board of directors of the Company shall review and determine the fulfilment of the Performance Target(s), and report to the board of directors of the Company accordingly.

The table below discloses movement of the Pre-IPO Employee Incentive Scheme during the period:

	Number of shares
After the Share Subdivision	
Outstanding as at 1 January 2024	6,386,000
Forfeited during the period of 1 January 2024 to 30 June 2024	<u>(650,000)</u>
Outstanding as at 30 June 2024	<u>5,736,000</u>
Outstanding as at 1 January 2025 and 30 June 2025	<u>5,475,000</u>

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FOR THE SIX MONTHS ENDED 30 JUNE 2025

19. SHARE-BASED PAYMENTS (continued)

The fair value amounted to RMB37,147,000 of the aforesaid granted shares at grant date, after net of the cash consideration received would be recognised as expense on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

During the current interim period, the Group recognised total corresponding share-based payment expense of RMB7,433,000 (six months ended 30 June 2024: RMB3,832,000)

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The management of the Group have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under level 3, the Group establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include the lowest level inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets	Fair value as at	Fair value hierarchy	Valuation techniques and key inputs
Ordinary shares with other preferential rights at FVTPL	30 June 2025: RMB218,000,000 31 December 2024: RMB217,000,000	Level 3	Market approach Key inputs: equity value; probability of conversion, redemption and liquidation (<i>Note</i>)
Unlisted funds at FVTPL	30 June 2025: RMB173,615,000 31 December 2024: RMB171,465,000	Level 2	Quoted value provided by fund managers
Listed equity instruments at FVTOCI	30 June 2025: RMB320,728,000 31 December 2024: RMB466,978,000	Level 1	Quoted prices in active market

Note: The management of the Group considers the sensitivity analyses on unobservable inputs are insignificant.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group considers carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties:

i Transactions with related parties

Name of related parties	Relationship	Nature of transactions	Six months ended 30 June	
			2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Chengdu Jinbosen	Ultimate holding company	Interest expenses on lease liabilities	52	77
Mr. Wang Xiaokun and Ms. Liu Weihong	Controlling Shareholders	Interest expenses on lease liabilities	51	76
成都和銀瑞商業管理有限公司 (Chengdu Hekunrui Commercial Management Co., Ltd.*)	Controlled by one of the Controlling Shareholders	Interest expenses on lease liabilities	146	204
成都銀麟商業管理有限公司 (Chengdu Kunlin Commercial Management Co., Ltd.*)	Companies controlled by one of the Controlling Shareholders	Interest expenses on lease liabilities	147	219
四川臻森商業管理有限公司 (Sichuan Zhensen Commercial Management Co., Ltd.*) ("Sichuan Zhensen")	Companies controlled by one of the Controlling Shareholders	Interest expenses on lease liabilities (Note)	113	155

Note: During the six months ended 30 June 2024, the Group entered into a 51-month lease agreement for the use of office with Sichuan Zhensen, with right-of-use assets and lease liabilities both amounted to RMB8,634,000 being recognised at inception. The amounts of lease liabilities as at 30 June 2025 are RMB5,811,000 (31 December 2024: RMB7,722,000).

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Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS (continued)

ii Compensation of key management personnel

The remuneration of directors, supervisors and other members of key management of the Group during the current and preceding interim periods were as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries and allowances	4,743	6,045
Retirement benefit scheme contributions	353	443
Share-based compensation benefits	2,298	2,086
	<u>7,394</u>	<u>8,574</u>

22. EVENTS AFTER REPORTING PERIOD

Save as disclosed in Note 8, the Group has no other significant event took place subsequent to 30 June 2025 that needs to be disclosed.



茶百道

Sichuan Baicha Baidao Industrial Co., Ltd.

四川百茶百道實業股份有限公司