



KPMG
8th Floor, Prince's Building
Central, Hong Kong
G P O Box 50, Hong Kong
Telephone +852 2522 6022
Fax +852 2845 2588
Internet kpmg.com/cn

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BAMA TEA CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, ABCI CAPITAL LIMITED AND TFI CAPITAL LIMITED

Introduction

We report on the historical financial information of Bama Tea Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-76, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-76 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 October 2025 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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



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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.



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

Adjustments

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

Dividends

We refer to note 25(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG

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



HISTORICAL FINANCIAL INFORMATION

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

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



CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	4	1,817,540	2,122,305	2,143,259	1,109,801	1,063,194
Cost of sales	6(d)	(848,025)	(1,012,422)	(964,706)	(498,329)	(475,570)
Gross profit		969,515	1,109,883	1,178,553	611,472	587,624
Selling and marketing expenses	6(d)	(616,760)	(680,862)	(692,154)	(344,105)	(332,163)
Administrative expenses	6(d)	(116,052)	(135,568)	(165,699)	(67,228)	(91,415)
Research and development costs	6(d)	(8,220)	(11,621)	(16,505)	(6,959)	(6,453)
Impairment (losses)/reversal on trade and other receivables	26(a)/17	(948)	(1,745)	(2,691)	(782)	914
Other income	5	15,815	16,363	16,235	7,749	8,054
Other net (loss)/income	6(c)	(3,713)	1,500	2,462	3,820	1,679
Impairment losses of property, plant and equipment and right-of-use assets	11(a)	(1,886)	(3,047)	(2,213)	(1,268)	(1,116)
Profit from operations		237,751	294,903	317,988	202,699	167,124
Finance costs	6(a)	(11,197)	(10,890)	(9,624)	(5,144)	(4,117)
Profit before taxation		226,554	284,013	308,364	197,555	163,007
Income tax	7	(60,705)	(78,285)	(84,163)	(51,522)	(42,972)
Profit and total comprehensive income for the year/period		165,849	205,728	224,201	146,033	120,035
Attributable to:						
Equity shareholders of the Company		166,095	205,832	224,344	146,032	119,728
Non-controlling interests		(246)	(104)	(143)	1	307
Profit and total comprehensive income for the year/period		165,849	205,728	224,201	146,033	120,035
Earnings per share						
Basic and diluted (RMB)	10	2.19	2.71	2.95	1.92	1.58

The accompanying notes form part of the Historical Financial Information.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at 31 December			As at 30 June
	Note	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	330,497	428,605	448,540	437,995
Investment property	12	7,771	7,497	7,223	7,086
Right-of-use assets	11	267,088	233,222	201,585	194,645
Intangible assets	13	22,325	29,264	28,999	26,827
Deferred tax assets	23(b)	27,713	30,317	29,630	25,339
Rental deposits	17	16,777	8,993	8,197	7,467
Prepayment for purchase of property, plant and equipment and right-of-use assets	17	8,751	74,080	953	520
		680,922	811,978	725,127	699,879
Current assets					
Inventories	16	440,421	436,342	438,977	443,816
Trade and other receivables	17	95,507	123,640	193,462	178,481
Financial assets measured at fair value through profit or loss ("FVPL")	15	—	140,240	—	—
Deposits with a bank with original maturity date over three months .	18(a)	—	90,000	90,000	90,000
Restricted bank deposits	18(a)	6,130	6,254	6,124	6,077
Cash and cash equivalents	18(a)	239,263	206,557	347,199	436,021
		781,321	1,003,033	1,075,762	1,154,395
Current liabilities					
Trade and other payables	19	357,570	462,899	382,446	372,477
Contract liabilities	20	56,210	75,210	53,104	56,051
Lease liabilities	21	89,945	77,620	55,577	52,840
Bank loans	22	—	60,000	—	—
Current taxation	23(a)	33,353	55,373	40,631	26,219
		537,078	731,102	531,758	507,587
Net current assets		244,243	271,931	544,004	646,808



		As at 31 December			As at 30 June
	Note	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Lease liabilities	21	156,096	138,822	127,806	123,456
Deferred income	24	11,806	12,496	13,853	12,410
		<u>167,902</u>	<u>151,318</u>	<u>141,659</u>	<u>135,866</u>
NET ASSETS		<u>757,263</u>	<u>932,591</u>	<u>1,127,472</u>	<u>1,210,821</u>
CAPITAL AND RESERVES					
Share capital	25(c)	76,000	76,000	76,000	76,000
Reserves	25(d)	<u>681,370</u>	<u>856,802</u>	<u>1,049,226</u>	<u>1,132,773</u>
Total equity attributable to equity shareholders of the Company		757,370	932,802	1,125,226	1,208,773
Non-controlling interests		(107)	(211)	2,246	2,048
TOTAL EQUITY		<u>757,263</u>	<u>932,591</u>	<u>1,127,472</u>	<u>1,210,821</u>

The accompanying notes form part of the Historical Financial Information.



STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at 31 December			As at 30 June
	Note	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	87,515	77,115	75,827	68,440
Right-of-use assets	11	135,686	130,094	107,221	102,213
Intangible assets	13	19,526	26,352	26,747	24,998
Investment in subsidiaries	14	59,967	62,967	76,067	72,567
Deferred tax assets	23(b)	10,104	11,967	9,816	9,753
Rental deposits	17	11,089	6,170	5,122	4,422
Prepayment for purchase of property, plant and equipment and right-of-use assets	17	8,340	72,154	677	462
		332,227	386,819	301,477	282,855
Current assets					
Inventories	16	349,020	345,446	371,591	337,970
Trade and other receivables	17	159,120	267,382	268,267	262,902
Financial assets measured at FVPL	15	—	140,240	—	—
Deposits with a bank with original maturity date over three months .	18(a)	—	90,000	90,000	90,000
Restricted bank deposits	18(a)	6,128	6,251	6,122	6,075
Cash and cash equivalents	18(a)	199,699	164,045	298,414	400,126
		713,967	1,013,364	1,034,394	1,097,073
Current liabilities					
Trade and other payables	19	461,752	632,574	602,937	651,619
Contract liabilities	20	36,145	52,866	36,257	35,226
Lease liabilities	21	49,851	48,925	33,775	32,011
Bank loans	22	—	60,000	—	—
Current taxation	23(a)	9,843	28,335	10,358	5,400
		557,591	822,700	683,327	724,256
Net current assets		156,376	190,664	351,067	372,817
Non-current liabilities					
Lease liabilities	21	93,790	91,082	82,377	78,866
Deferred income	24	8,077	9,586	10,414	9,166
		101,867	100,668	92,791	88,032
NET ASSETS		386,736	476,815	559,753	567,640
CAPITAL AND RESERVES					
Share capital	25(c)	76,000	76,000	76,000	76,000
Reserves	25(d)	310,736	400,815	483,753	491,640
TOTAL EQUITY		386,736	476,815	559,753	567,640

The accompanying notes form part of the Historical Financial Information.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company				Total	Non-controlling interests	Total equity
	Share Capital	Capital reserve	Statutory reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	note 25(c)	note 25(d)(i)	note 25(d)(ii)				
Balance at 1 January 2022	76,000	66,881	28,638	457,756	629,275	139	629,414
Changes in equity for the year ended 31 December 2022:							
Profit and other comprehensive income for the year	—	—	—	166,095	166,095	(246)	165,849
Dividends approved 25(b)	—	—	—	(38,000)	(38,000)	—	(38,000)
Appropriation to statutory reserve 25(d)(ii)	—	—	10,112	(10,112)	—	—	—
Balance at 31 December 2022	<u>76,000</u>	<u>66,881</u>	<u>38,750</u>	<u>575,739</u>	<u>757,370</u>	<u>(107)</u>	<u>757,263</u>

Note	Attributable to equity shareholders of the Company				Total	Non-controlling interests	Total equity
	Share Capital	Capital reserve	Statutory reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	note 25(c)	note 25(d)(i)	note 25(d)(ii)				
Balance at 1 January 2023	76,000	66,881	38,750	575,739	757,370	(107)	757,263
Changes in equity for the year ended 31 December 2023:							
Profit and other comprehensive income for the year	—	—	—	205,832	205,832	(104)	205,728
Dividends approved 25(b)	—	—	—	(30,400)	(30,400)	—	(30,400)
Balance at 31 December 2023	<u>76,000</u>	<u>66,881</u>	<u>38,750</u>	<u>751,171</u>	<u>932,802</u>	<u>(211)</u>	<u>932,591</u>

The accompanying notes form part of the Historical Financial Information.

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share Capital	Capital reserve	Statutory reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	note 25(c)	note 25(d)(i)	note 25(d)(ii)					
Balance at 1 January 2024	76,000	66,881	38,750	751,171	932,802	(211)	932,591	
Changes in equity for the year ended 31 December 2024:								
Profit and other comprehensive income for the year	–	–	–	224,344	224,344	(143)	224,201	
Dividends approved	25(b) –	–	–	(31,920)	(31,920)	–	(31,920)	
Capital injection from non-controlling interests (“NCI”)	–	–	–	–	–	2,600	2,600	
Balance at 31 December 2024	76,000	66,881	38,750	943,595	1,125,226	2,246	1,127,472	

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share Capital	Capital reserve	Statutory reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	note 25(c)	note 25(d)(i)	note 25(d)(ii)					
Balance at 1 January 2025	76,000	66,881	38,750	943,595	1,125,226	2,246	1,127,472	
Changes in equity for six months ended 30 June 2025:								
Profit and other comprehensive income for the period	–	–	–	119,728	119,728	307	120,035	
Dividends approved	25(b) –	–	–	(36,181)	(36,181)	–	(36,181)	
Capital injection from NCI	–	–	–	–	–	300	300	
Dissolution of a subsidiary	–	–	–	–	–	(805)	(805)	
Balance at 30 June 2025	76,000	66,881	38,750	1,027,142	1,208,773	2,048	1,210,821	



(unaudited)

		Attributable to equity shareholders of the Company						
	Note	Share Capital	Capital reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		note 25(c)	note 25(d)(i)	note 25(d)(ii)				
Balance at 1 January								
2024		76,000	66,881	38,750	751,171	932,802	(211)	932,591
Changes in equity for six months ended 30 June 2024:								
Profit and other comprehensive income for the period		–	–	–	146,032	146,032	1	146,033
Dividends approved . .	25(b)	–	–	–	(31,920)	(31,920)	–	(31,920)
Capital injection from NCI		–	–	–	–	–	2,600	2,600
Balance at 30 June								
2024		76,000	66,881	38,750	865,283	1,046,914	2,390	1,049,304

The accompanying notes form part of the Historical Financial Information.



CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Cash generated from operations	18(b)	273,279	523,931	367,245	115,590	234,334
Income tax paid	23(a)	(58,743)	(58,869)	(98,218)	(73,105)	(53,093)
Net cash generated from operating activities		<u>214,536</u>	<u>465,062</u>	<u>269,027</u>	<u>42,485</u>	<u>181,241</u>
Investing activities						
Payment for purchases of property, plant and equipment, and right-of-use assets		(92,205)	(199,435)	(94,133)	(51,640)	(23,569)
Payment for purchases of intangible assets		(16,908)	(13,120)	(7,694)	(3,823)	(2,473)
Proceeds from disposal of property, plant and equipment, and right-of-use assets		683	3,641	2,023	1,225	535
Investment income from financial assets measured at FVPL received		1,593	2,062	1,711	1,410	979
Payment for deposits with a bank with original maturity date over three months		—	(90,000)	—	—	—
Payment for purchase of financial assets measured at FVPL		—	(140,000)	—	—	—
Proceeds from disposal of financial assets measured at FVPL		—	—	140,240	55,000	—
Advance to the third party		—	—	(20,000)	(20,000)	—
Repayment from the third party		—	—	20,563	—	—
Restoration costs paid		(270)	(224)	(314)	(120)	(94)
Net cash (used in)/generated from investing activities		<u>(107,107)</u>	<u>(437,076)</u>	<u>42,396</u>	<u>(17,948)</u>	<u>(24,622)</u>



		Year ended 31 December			Six months ended 30 June	
	Note	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)						
Financing activities						
Proceeds from bank loans. . .	18(c)	–	90,000	–	–	–
Repayment of bank loans . . .	18(c)	–	(30,000)	(60,000)	(30,000)	–
Payment of capital element of lease liabilities.	18(c)	(66,877)	(79,414)	(68,720)	(36,088)	(31,183)
Payment of interest element of lease liabilities.	18(c)	(11,197)	(10,566)	(8,930)	(4,625)	(4,117)
Interest of bank loans paid . .	18(c)	–	(324)	(694)	(519)	–
Cash received from capital injection from non- controlling interests		–	–	2,600	2,600	300
Payment to NCI for dissolution of a subsidiary.		–	–	–	–	(805)
Payment for listing expenses.		–	–	(3,125)	–	(649)
Dividends paid to equity shareholders of the Company	18(c)	(37,985)	(30,388)	(31,912)	(31,899)	(31,343)
Net cash used in financing activities		(116,059)	(60,692)	(170,781)	(100,531)	(67,797)
Net (decrease)/increase in cash and cash equivalents		(8,630)	(32,706)	140,642	(75,994)	88,822
Cash and cash equivalents at the beginning of the year/period	18(a)	247,893	239,263	206,557	206,557	347,199
Cash and cash equivalents at the end of the year/period	18(a)	239,263	206,557	347,199	130,563	436,021

The accompanying notes form part of the Historical Financial Information.



NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Bama Tea Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 28 July 1997 as a limited liability company under the Companies laws of the PRC. The Company was converted into a joint stock limited liability company on 10 September 2014.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the processing, production and sales of tea leaves and other tea products in the PRC. Details of the Group’s principal subsidiaries are set out in note 14.

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

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2025 are set out in note 30.

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

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

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measure at FVPL are stated at their fair value as explained note 2(d).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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



(c) Subsidiaries and non-controlling interests

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

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

For each business combination, the Group can elect to measure any NCI either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(s)(ii)(a)), foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)). Depreciation is calculated to write off the costs of investment properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	25-40 years
---------------------	-------------



Both the useful life of an asset and its residual value, if any, are reviewed annually.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 2(s)(ii)(c).

(f) Property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at cost, less accumulated depreciation and any accumulated impairment losses (see note 2(i)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The estimated useful lives are as follows:

Right-of-use assets	Over the lease term
Buildings	5-40 years
Leasehold improvements	Over the shorter of the lease term or 5 years
Plant and machinery	3-20 years
Motor vehicles	3-10 years
Furniture equipment	3-10 years
Electronic equipment and others	3-10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

Software	2-10 years
Copyrights and trademarks	5-10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

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

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f) and 2(i)(ii)).

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

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

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

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

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.



When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(s)(ii)(c).

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, deposits with a bank with original maturity date over three months, restricted bank deposits, trade and other receivables, rental deposits).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

- financial instruments that are determined to have low credit risk at each reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and



- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.
- the financial asset is 1 year past due.

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).
- the financial asset is 3 years past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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



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

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

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

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

(j) Inventories

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

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

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

(k) Contract liabilities

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

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

(l) Trade and other receivables

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

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

(m) Cash and cash equivalents

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

(n) Trade and other payables

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



(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(t).

(p) Employee benefits

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

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

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the defined contribution basic pension insurance. There are no forfeited contributions for the defined contribution basic pension insurance in the PRC social insurance system as the contributions are fully vested to the employees upon payment to the scheme.

Obligations for contributions to defined contribution retirement plans are recognised as part of the cost of assets or expensed as the related service is provided.

(ii) Termination benefits

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

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination.

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

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

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

(r) Provisions and contingent liabilities

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

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

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

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

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

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes. The Group's revenue is derived from the following sources:

(a) Direct sales to customers

The Group sells tea products to retail customers through online and offline stores.

- For retail customers that purchase from the Group's offline stores, sales revenue is recognised when customers take possession of the products.
- For retail customers that purchase from the Group's online stores, payment is collected when customers place purchase orders and sales revenue is recognised when customers accept the products upon delivery.



The Group sells tea products to e-commerce platforms. Sales of products to e-commerce platforms are recognised when the Group's products are sold to end-customer by the e-commerce platform, as these are when the control of the Group's products has been passed.

The Group typically offers retail customers a right of return for a period of 7 days upon customer acceptance. The Group estimates the constrained transaction price with all reasonably available information and updates the variable consideration at each reporting date.

The Group operates membership programs for retail customers and members can earn loyalty points on their purchases. Points are redeemable against any future purchases of the Group's products or other offerings provided by the Group. The Group allocates a portion of the consideration to loyalty points based on the relative stand-alone selling prices. The amount allocated to the membership programs is deferred and recognised as revenue when loyalty points are redeemed or expire. Unused loyalty points generally expire in 24 months after they are granted.

(b) Sales to franchisees

The Group sells tea products to franchisees. Franchisees generally make payments for their purchase orders before product shipment. Sales revenue is recognised when the products are delivered to and accepted by franchisees at the locations specified in the purchase orders.

The Group generally does not accept return of products from franchisees, except for quality defects. Group provides sales rebates to franchisees who satisfy relevant requirements specified in the purchase agreements and the Group's franchisees incentivising policies.

The above cash rewards to franchisees give rise to variable consideration. The Group uses the most likely amount approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of products to franchisees, the Group recognises revenue after taking into account adjustment to transaction price arising from cash rewards and returns which are estimated and updated at each reporting date.

(c) Other practical expedients applied

In addition, the Group has applied the following practical expedient:

- For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.



(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of assets are initially recognised as deferred income and subsequently recognised as other income in profit or loss over the useful life of the assets.

(c) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(t) Borrowing costs

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

(u) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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



(v) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 26 contain information about the assumptions and their risk factors relating to fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

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

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

(b) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 26(a). Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may be necessary to make additional loss allowances in future periods.

(c) Determining the lease term

As explained in policy note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of businesses, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are processing, production and sales of tea leaves and other tea products.



(i) *Disaggregation of revenue*

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers within the scope of IFRS 15:					
Sales of tea leaves	1,571,552	1,882,524	1,901,031	996,002	958,818
Sales of tea ware	101,819	115,296	130,507	60,929	61,447
Sales of tea snacks	94,937	95,338	81,206	35,291	28,329
Sales of other products	38,563	23,307	23,873	14,372	10,481
Others	9,655	4,687	5,426	2,612	3,561
	<u>1,816,526</u>	<u>2,121,152</u>	<u>2,142,043</u>	<u>1,109,206</u>	<u>1,062,636</u>
Revenue from other sources					
Gross rentals from investment properties	<u>1,014</u>	<u>1,153</u>	<u>1,216</u>	<u>595</u>	<u>558</u>
	<u>1,817,540</u>	<u>2,122,305</u>	<u>2,143,259</u>	<u>1,109,801</u>	<u>1,063,194</u>
Disaggregated by timing of revenue recognition					
– Point in time	<u>1,815,481</u>	<u>2,118,739</u>	<u>2,139,458</u>	<u>1,107,789</u>	<u>1,060,963</u>
– Over time	<u>2,059</u>	<u>3,566</u>	<u>3,801</u>	<u>2,012</u>	<u>2,231</u>
	<u>1,817,540</u>	<u>2,122,305</u>	<u>2,143,259</u>	<u>1,109,801</u>	<u>1,063,194</u>

Others mainly comprised the revenue generated from rendering pre-opening training services and tea lounge services for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

No revenue from individual customer contributing over 10% of total revenue of the Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 (unaudited) and 2025.

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

Contracts within the scope of IFRS 15

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its contracts for sales tea products and rendering service that had an original expected duration of one year or less and does not disclose the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations.

(b) **Segment Reporting**

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

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



5 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income on:					
– bank deposits and others	2,181	2,887	2,376	1,346	1,168
– time deposits	–	369	2,460	1,230	1,230
– rental deposits	725	848	743	387	304
	2,906	4,104	5,579	2,963	2,702
Income from value-added tax exemption (note (i))	3,389	3,249	3,494	1,399	1,808
Government grants					
– Unconditional subsidies	7,793	6,900	4,566	2,588	2,101
– Conditional subsidies (note 24)	1,727	2,110	2,596	799	1,443
	<u>15,815</u>	<u>16,363</u>	<u>16,235</u>	<u>7,749</u>	<u>8,054</u>

Notes:

- (i) Income from value-added tax exemption represented the exemption on value-added tax granted by the government authorities to small and low profit-making enterprise in the PRC.

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank loans (note 18(c))	–	324	694	519	–
Interest on lease liabilities (note 18(c))	11,197	10,566	8,930	4,625	4,117
	<u>11,197</u>	<u>10,890</u>	<u>9,624</u>	<u>5,144</u>	<u>4,117</u>

(b) Staff costs (including directors' emoluments)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	304,142	330,892	323,778	163,778	160,560
Contributions to defined contribution retirement plans	16,570	16,741	19,336	9,555	11,341
Termination benefits	288	5,997	2,767	1,477	1,367
	<u>321,000</u>	<u>353,630</u>	<u>345,881</u>	<u>174,810</u>	<u>173,268</u>



(c) Other net (losses)/income

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(4,900)	(977)	2,625	1,597	907
Donation	(1,179)	(691)	(347)	(100)	(214)
Net fair value changes of financial assets measured at FVPL	–	240	–	(9)	–
Investment income from financial assets measured at FVPL	1,593	2,062	1,711	1,410	979
Termination cost of purchase contract for land use right (note 17)	–	–	(4,390)	–	–
Others	773	866	2,863	922	7
	<u>(3,713)</u>	<u>1,500</u>	<u>2,462</u>	<u>3,820</u>	<u>1,679</u>

(d) Expense by nature

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories	773,392	930,163	876,836	453,795	431,390
Staff cost	321,000	353,630	345,881	174,810	173,268
Advertising and promotion expenses	209,152	251,830	276,177	135,748	138,119
Depreciation of property, plant and equipment	50,492	54,490	54,740	26,572	27,580
Depreciation of right-of-use assets	78,123	83,695	72,805	38,575	32,302
Amortisation of intangible assets	4,189	5,963	7,959	3,829	4,645
Depreciation of investment property	274	274	274	137	137
Listing expenses	–	–	13,978	–	5,167
Transportation expense	33,788	36,035	40,641	21,433	20,606
Rental expense related to short-term leases and variable payments	18,752	13,885	15,295	7,008	8,668
Property management expenses	21,639	19,475	20,910	10,372	9,809
Travelling expenses	11,459	16,772	17,848	6,595	6,596
Utility expense	9,290	10,436	11,749	5,115	4,758
Write-down of inventories	284	436	200	–	–
Auditor's remuneration – Audit services	2,875	1,132	372	99	58
Business development expenses	7,927	11,425	15,962	6,681	5,707
Other taxes and levies	13,877	18,698	17,786	8,275	8,717
Restoration costs	270	224	314	120	94
Others	32,274	31,910	49,337	17,457	27,980
	<u>1,589,057</u>	<u>1,840,473</u>	<u>1,839,064</u>	<u>916,621</u>	<u>905,601</u>



7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax					
Provision for the year/period . . .	68,994	80,889	83,476	51,846	38,681
Deferred tax					
(Origination)/reversal of accumulated tax loss and temporary differences (note 23(b)).	(8,289)	(2,604)	687	(324)	4,291
	<u>60,705</u>	<u>78,285</u>	<u>84,163</u>	<u>51,522</u>	<u>42,972</u>

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	<u>226,554</u>	<u>284,013</u>	<u>308,364</u>	<u>197,555</u>	<u>163,007</u>
Notional tax on profit before taxation	56,639	71,003	77,091	49,389	40,752
Statutory tax concession (i) . . .	(760)	(703)	(302)	(279)	(405)
Tax effect of non-deductible expenses.	3,682	5,877	6,061	2,200	2,054
Tax effect of non-taxable income.	(210)	(205)	(95)	(54)	(73)
Tax effect of unused tax losses and deductible temporary differences not recognised . . .	1,361	2,334	2,011	292	644
Tax effect of using the deductible losses and deductible temporary differences not recognised . . .	(7)	(21)	(603)	(26)	—
Actual tax expense.	<u>60,705</u>	<u>78,285</u>	<u>84,163</u>	<u>51,522</u>	<u>42,972</u>

Note:

- (i) Taxable income for the Group's subsidiaries in the PRC are subject to PRC income tax rate of 25% for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, unless otherwise specified below.

Certain subsidiaries met the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential income tax rate of 5% on taxable income for the first RMB3,000,000 for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

- (ii) The Group's subsidiary established in Hong Kong which is newly set up in 2024, did not have any assessable profits for the year ended 31 December 2024 and the six months ended 30 June 2025.



8 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the financial statements are set out below:

Year ended 31 December 2022					
	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director					
Wang Wenli	—	749	—	68	817
Directors					
Wang Wenbin	—	—	—	—	—
Wang Wenchao	—	425	127	51	603
Wu Qingbiao	—	1,085	750	68	1,903
Wu Qingxiang	—	854	645	67	1,566
He Lei	—	887	750	67	1,704
Independent non-executive directors					
Liu Zhonghua	120	—	—	—	120
Zhang Qingwei	120	—	—	—	120
Tong Naqiong	120	—	—	—	120
Supervisors					
Zhang Yongjian	—	345	97	37	479
Li Xiaoyi	—	—	—	—	—
Su Limin	—	242	145	27	414
Total	<u>360</u>	<u>4,587</u>	<u>2,514</u>	<u>385</u>	<u>7,846</u>

Year ended 31 December 2023					
	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director					
Wang Wenli	—	764	—	71	835
Directors					
Wang Wenbin	—	—	—	—	—
Wang Wenchao	—	466	261	50	777
Wu Qingbiao	—	1,100	890	71	2,061
Wu Qingxiang	—	864	728	66	1,658
He Lei	—	898	751	66	1,715
Independent non-executive directors					
Liu Zhonghua	120	—	—	—	120
Zhang Qingwei	120	—	—	—	120
Tong Naqiong	120	—	—	—	120
Supervisors					
Zhang Yongjian	—	360	219	36	615
Li Xiaoyi	—	—	—	—	—
Su Limin	—	257	108	26	391
Total	<u>360</u>	<u>4,709</u>	<u>2,957</u>	<u>386</u>	<u>8,412</u>



Year ended 31 December 2024

	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director					
Wang Wenli	–	1,044	51	76	1,171
Directors					
Wang Wenbin	–	–	–	–	–
Wang Wenchao	–	904	623	76	1,603
Wu Qingbiao	–	1,108	890	76	2,074
Wang Kunheng (appointed on 21 February 2024) . .	–	1,006	821	69	1,896
He Lei	–	934	748	76	1,758
Wu Qingxiang (resigned on 21 February 2024) . .	–	146	1	12	159
Independent non-executive directors					
Liu Zhonghua (resigned on 21 February 2024)	–	–	–	–	–
Zhang Qingwei (resigned on 21 February 2024) . .	–	–	–	–	–
Tong Naqiong	120	–	–	–	120
Ma Yuquan (appointed on 21 February 2024)	120	–	–	–	120
Wang yuefei (appointed on 21 February 2024)	120	–	–	–	120
Supervisors					
Huang Lieping (appointed on 21 February 2024) . .	–	374	272	38	684
Li Xiaoyi	–	–	–	–	–
Su Limin	–	284	116	31	431
Zhang Yongjian (resigned on 21 February 2024) . .	–	61	–	6	67
Total	<u>360</u>	<u>5,861</u>	<u>3,522</u>	<u>460</u>	<u>10,203</u>

Six months ended 30 June 2024 (unaudited)

	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director					
Wang Wenli	–	452	26	37	515
Directors					
Wang Wenbin	–	–	–	–	–
Wang Wenchao	–	439	312	37	788
Wu Qingbiao	–	551	450	37	1,038
Wang Kunheng (appointed on 21 February 2024) . .	–	449	411	31	891
Wu Qingxiang (resigned on 21 February 2024) . .	–	146	1	12	159
He Lei	–	454	492	37	983

Six months ended 30 June 2024 (unaudited)

	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Independent non-executive directors					
Liu Zhonghua (resigned on 21 February 2024)	—	—	—	—	—
Zhang Qingwei (resigned on 21 February 2024) . .	—	—	—	—	—
Tong Naqiong	60	—	—	—	60
Ma Yuquan (appointed on 21 February 2024)	60	—	—	—	60
Wang Yuefei (appointed on 21 February 2024)	60	—	—	—	60
Supervisors					
Huang Lieping (appointed on 21 February 2024) . .	—	165	137	17	319
Li Xiaoyi	—	—	—	—	—
Su Limin	—	138	58	15	211
Zhang Yongjian (resigned on 21 February 2024) . .	—	60	1	6	67
Total	<u>180</u>	<u>2,854</u>	<u>1,888</u>	<u>229</u>	<u>5,151</u>

Six months ended 30 June 2025

	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director					
Wang Wenli	—	594	23	43	660
Executive directors					
Wang Wenchao	—	465	275	43	783
Wu Qingbiao	—	558	393	43	994
Wang Kunheng	—	558	362	43	963
He Lei (resigned on 5 January 2025)	—	82	1	8	91
Wang Wenlong (appointed on 8 January 2025)	—	346	110	41	497
Non-executive director					
Wang Wenbin	—	—	—	—	—
Independent non-executive directors					
Tong Naqiong	60	—	—	—	60
Ma Yuquan (resigned on 8 January 2025)	—	—	—	—	—
Wang Yuefei	60	—	—	—	60
Chiu Mun Wai (appointed on 8 January 2025)	115	—	—	—	115
Supervisors*					
Huang Lieping	—	177	2	19	198
Li Xiaoyi	—	—	—	—	—
Su Limin	—	127	86	15	228
Total	<u>235</u>	<u>2,907</u>	<u>1,252</u>	<u>255</u>	<u>4,649</u>



- * The Company abolished the supervisor committee on 22 May 2025. Accordingly, the supervisors' emoluments for the six months ended 30 June 2025 represent the emoluments paid to those supervisors up to the date of abolishing the supervisory committee.

Note: For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, except for the termination benefits paid to 2, 1 (unaudited) and 1 individuals with the highest emoluments as set out in note 9 for the year ended 31 December 2023 and the six months ended 30 June 2024 and 2025, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, of the five individuals with the highest emoluments, 3, 2, 3, 3 (unaudited) and 2 are directors whose emoluments are disclosed in note 8.

The aggregate of the emoluments in respect of the other 2, 3, 2, 2 (unaudited) and 3 individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i> <i>(unaudited)</i>	<i>RMB '000</i>
Salaries and other emoluments	833	1,737	1,230	381	975
Discretionary bonuses	1,977	1,897	1,934	748	1,153
Retirement scheme contributions	100	187	124	37	100
Termination benefits (<i>note 8</i>)	–	1,743	–	914	466
	<u>2,910</u>	<u>5,564</u>	<u>3,288</u>	<u>2,080</u>	<u>2,694</u>

The emolument of the 2, 3, 2, 2 (unaudited) and 3 individuals with the highest emoluments are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> <i>(unaudited)</i>	<i>Number of individuals</i>
Nil – HKD1,000,000	–	–	–	–	2
HKD1,000,001 – HKD1,500,000	1	–	–	2	1
HKD1,500,001 – HKD2,000,000	1	2	2	–	–
HKD2,000,001 – HKD2,500,000	–	1	–	–	–
	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>–</u>



10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Profit attributable to ordinary equity shareholders of the Company (RMB'000).	166,095	205,832	224,344	146,032	119,728
Weighted average number of shares at the end of the year/period	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000
Basic earnings per share (expressed in RMB per share)	2.19	2.71	2.95	1.92	1.58

(b) Diluted earnings per share

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, there were no dilutive potential ordinary shares in existence and therefore diluted earnings per share were the same as basic earnings per share.

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

(a) Reconciliation of carrying amount

The Group

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture equipment	Electronic equipment and others	Construction in progress	Subtotal	Property -Right-of-use assets	Leasehold land -Right-of-use assets	Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:												
At 1 January 2022	170,848	168,269	28,739	7,376	19,663	34,966	12,152	442,013	291,268	19,108	310,376	752,389
Additions	6,686	20,268	6,515	3,299	4,868	6,569	39,918	88,123	92,706	12,470	105,176	193,299
Transfer from investment property	26,785	—	—	—	—	—	—	26,785	—	—	—	26,785
Transfer from construction in progress	1,247	—	5,485	—	—	—	(6,732)	—	—	—	—	—
Disposals	—	(15,420)	(8,169)	(1,889)	(985)	(852)	—	(27,315)	(18,743)	—	(18,743)	(46,058)
At 31 December 2022 and 1 January 2023	205,566	173,117	32,570	8,786	23,546	40,683	45,338	529,606	365,231	31,578	396,809	926,415
Additions	4,648	18,320	968	1,058	3,831	7,343	124,626	160,794	65,755	—	65,755	226,549
Transfer from construction in progress	149,139	—	15,323	—	5,502	—	(169,964)	—	—	—	—	—
Disposals	—	(17,683)	(1,621)	(376)	(1,766)	(6,129)	—	(27,575)	(62,298)	—	(62,298)	(89,873)
At 31 December 2023 and 1 January 2024	359,353	173,754	47,240	9,468	31,113	41,897	—	662,825	368,688	31,578	400,266	1,063,091
Additions	4,745	41,961	1,863	1,662	8,950	7,263	15,832	82,276	64,729	—	64,729	147,005
Transfer from construction in progress	14,994	—	—	—	100	738	(15,832)	—	—	—	—	—
Disposals	—	(28,186)	(557)	(308)	(4,964)	(2,415)	—	(36,430)	(114,294)	—	(114,294)	(150,724)
At 31 December 2024 and 1 January 2025	379,092	187,529	48,546	10,822	35,199	47,483	—	708,671	319,123	31,578	350,701	1,059,372
Additions	—	10,235	1,754	635	2,731	1,857	2,240	19,452	30,332	—	30,332	49,784
Transfer from construction in progress	62	—	—	—	—	—	(62)	—	—	—	—	—
Disposals	—	(4,139)	(1,353)	(295)	(514)	(483)	—	(6,784)	(38,786)	—	(38,786)	(45,570)
At 30 June 2025	379,154	193,625	48,947	11,162	37,416	48,857	2,178	721,339	310,669	31,578	342,247	1,063,586

Accumulated depreciation:

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture equipment	Electronic equipment and others	Construction in progress	Subtotal	Property -Right-of-use assets	Leasehold land -Right-of-use assets	Subtotal	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2022	25,621	89,550	15,881	3,936	8,758	18,176	—	161,922	61,908	1,106	63,014	224,936
Charge for the year	7,441	26,733	3,793	919	4,823	6,783	—	50,492	77,576	547	78,123	128,615
Transfer from investment property	1,747	—	—	—	—	—	—	1,747	—	—	—	1,747
Written back on disposals	—	(10,423)	(4,801)	(1,819)	(569)	(735)	—	(18,347)	(11,416)	—	(11,416)	(29,763)
At 31 December 2022 and 1 January 2023	34,809	105,860	14,873	3,036	13,012	24,224	—	195,814	128,068	1,653	129,721	325,535
Charge for the year	8,731	26,686	4,517	1,124	5,173	8,259	—	54,490	83,062	633	83,695	138,185
Written back on disposals	—	(14,356)	(1,340)	(314)	(1,195)	(4,814)	—	(22,019)	(46,372)	—	(46,372)	(68,391)
At 31 December 2023 and 1 January 2024	43,540	118,190	18,050	3,846	16,990	27,669	—	228,285	164,758	2,286	167,044	395,329
Charge for the year	12,915	21,660	5,208	1,594	6,898	6,465	—	54,740	72,167	638	72,805	127,545
Written back on disposals	—	(24,018)	(525)	(224)	(3,665)	(2,234)	—	(30,666)	(90,733)	—	(90,733)	(121,399)
At 31 December 2024 and 1 January 2025	56,455	115,832	22,733	5,216	20,223	31,900	—	252,359	146,192	2,924	149,116	401,475
Charge for the period	6,646	10,703	2,546	885	3,559	3,241	—	27,580	31,983	319	32,302	59,882
Written back on disposals	—	(2,673)	(922)	(280)	(327)	(452)	—	(4,654)	(33,816)	—	(33,816)	(38,470)
At 30 June 2025	63,101	123,862	24,357	5,821	23,455	34,689	—	275,285	144,359	3,243	147,602	422,887

Impairment:

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture equipment	Electronic equipment and others	Construction in progress	Subtotal	Property -Right-of-use assets	Leasehold land -Right-of-use assets	Subtotal	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2022	—	1,201	3,465	—	36	7	—	4,709	—	—	—	4,709
Addition	—	1,610	—	—	216	60	—	1,886	—	—	—	1,886
Written back on disposals	—	—	(3,300)	—	—	—	—	(3,300)	—	—	—	(3,300)
At 31 December 2022 and 1 January 2023	—	2,811	165	—	252	67	—	3,295	—	—	—	3,295
Addition	—	2,422	—	—	475	150	—	3,047	—	—	—	3,047
Written back on disposals	—	(239)	(165)	—	(2)	(1)	—	(407)	—	—	—	(407)
At 31 December 2023 and 1 January 2024	—	4,994	—	—	725	216	—	5,935	—	—	—	5,935
Addition	—	1,917	—	—	242	54	—	2,213	—	—	—	2,213
Written back on disposals	—	(261)	—	—	(51)	(64)	—	(376)	—	—	—	(376)

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture equipment	Electronic equipment and others	Construction in progress	Subtotal	Property -Right-of-use assets	Leasehold land -Right-of-use assets	Subtotal	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 31 December 2024 and 1 January 2025	—	6,650	—	—	916	206	—	7,772	—	—	—	7,772
Addition	—	849	—	—	218	49	—	1,116	—	—	—	1,116
Written back on disposals	—	(796)	—	—	(32)	(1)	—	(829)	—	—	—	(829)
At 30 June 2025	—	6,703	—	—	1,102	254	—	8,059	—	—	—	8,059
Net Book Value:												
At 30 June 2025	316,053	63,060	24,590	5,341	12,859	13,914	2,178	437,995	166,310	28,335	194,645	632,640
At 31 December 2024	322,637	65,047	25,813	5,606	14,060	15,377	—	448,540	172,931	28,654	201,585	650,125
At 31 December 2023	315,813	50,570	29,190	5,622	13,398	14,012	—	428,605	203,930	29,292	233,222	661,827
At 31 December 2022	170,757	64,446	17,532	5,750	10,282	16,392	45,338	330,497	237,163	29,925	267,088	597,585

The Company

Cost:

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture equipment	Electronic equipment and others	Construction in progress	Subtotal	Property -Right-of-use assets	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
At 1 January 2022	60,308	54,582	—	4,064	7,838	16,195	—	142,987	144,614	287,601
Additions	—	10,120	—	1,438	2,050	5,351	—	18,959	66,554	85,513
Disposals	—	(6,989)	—	(1,787)	(352)	(42)	—	(9,170)	(2,448)	(11,618)
At 31 December 2022 and 1 January 2023	60,308	57,713	—	3,715	9,536	21,504	—	152,776	208,720	361,496
Additions	—	7,640	—	537	2,222	3,898	—	14,297	55,399	69,696
Disposals	—	(4,071)	—	(376)	(891)	(5,635)	—	(10,973)	(37,020)	(47,993)
At 31 December 2023 and 1 January 2024	60,308	61,282	—	3,876	10,867	19,767	—	156,100	227,099	383,199
Additions	—	12,415	—	1,109	4,550	3,445	—	21,519	35,990	57,509
Disposals	—	(17,026)	—	(308)	(3,014)	(1,575)	—	(21,923)	(73,655)	(95,578)
At 31 December 2024 and 1 January 2025	60,308	56,671	—	4,677	12,403	21,637	—	155,696	189,434	345,130
Additions	—	958	20	62	542	682	63	2,327	18,734	21,061
Disposals	—	(2,115)	—	—	(236)	(201)	—	(2,552)	(28,478)	(31,030)
At 30 June 2025	60,308	55,514	20	4,739	12,709	22,118	63	155,471	179,690	335,161
Accumulated depreciation:										
At 1 January 2022	10,954	26,228	—	2,466	3,238	8,014	—	50,900	29,943	80,843
Charge for the year	2,770	10,000	—	355	1,992	3,746	—	18,863	45,306	64,169
Written back on disposals	—	(4,308)	—	(1,721)	(220)	(41)	—	(6,290)	(2,215)	(8,505)
At 31 December 2022 and 1 January 2023	13,724	31,920	—	1,100	5,010	11,719	—	63,473	73,034	136,507
Charge for the year	2,770	9,848	—	452	2,320	4,922	—	20,312	52,935	73,247
Written back on disposals	—	(3,557)	—	(314)	(574)	(4,107)	—	(8,552)	(28,964)	(37,516)

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture equipment	Electronic equipment and others	Construction in progress	Subtotal	Property -Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2023 and 1 January 2024	16,494	38,211	-	1,238	6,756	12,534	-	75,233	97,005	172,238
Charge for the year	2,770	8,360	-	780	2,322	3,459	-	17,691	46,088	63,779
Written back on disposals	-	(14,386)	-	(224)	(1,834)	(1,033)	-	(17,477)	(60,880)	(78,357)
At 31 December 2024 and 1 January 2025	19,264	32,185	-	1,794	7,244	14,960	-	75,447	82,213	157,660
Charge for the period	1,385	3,703	2	417	1,143	1,556	-	8,206	19,563	27,769
Written back on disposals	-	(1,328)	-	-	(209)	(105)	-	(1,642)	(24,299)	(25,941)
At 30 June 2025	20,649	34,560	2	2,211	8,178	16,411	-	82,011	77,477	159,488
Impairment:										
At 1 January 2022	-	637	-	-	30	4	-	671	-	671
Addition	-	943	-	-	119	55	-	1,117	-	1,117
At 31 December 2022 and 1 January 2023	-	1,580	-	-	149	59	-	1,788	-	1,788
Addition	-	1,729	-	-	179	59	-	1,967	-	1,967
Written back on disposals	-	-	-	-	(2)	(1)	-	(3)	-	(3)
At 31 December 2023 and 1 January 2024	-	3,309	-	-	326	117	-	3,752	-	3,752
Addition	-	749	-	-	140	33	-	922	-	922
Written back on disposals	-	(248)	-	-	(4)	-	-	(252)	-	(252)
At 31 December 2024 and 1 January 2025	-	3,810	-	-	462	150	-	4,422	-	4,422
Addition	-	813	-	-	216	49	-	1,078	-	1,078
Written back on disposals	-	(478)	-	-	(2)	-	-	(480)	-	(480)
At 30 June 2025	-	4,145	-	-	676	199	-	5,020	-	5,020
Net Book Value:										
At 30 June 2025	39,659	16,809	18	2,528	3,855	5,508	63	68,440	102,213	170,653
At 31 December 2024	41,044	20,676	-	2,883	4,697	6,527	-	75,827	107,221	183,048
At 31 December 2023	43,814	19,762	-	2,638	3,785	7,116	-	77,115	130,094	207,209
At 31 December 2022	46,584	24,213	-	2,615	4,377	9,726	-	87,515	135,686	223,201

Impairment loss

As at 31 December 2022, 2023 and 2024 and 30 June 2025, in view of the unfavourable future prospects of certain self-operated physical stores, the Group's management estimated the recoverable amount of each such stores (cash-generating unit ("CGU")) with an indication of impairment. The recoverable amount of each CGU is determined based on fair value less cost of disposal, using direct comparison approach by assuming each of the stores is assigned in its current condition with vacant possession.

Significant unobservable inputs used in the fair value measurement include market rentals, by making reference to lease transactions of comparable properties in close proximity as available in the relevant market, adjusted for any difference in factors such as location and property size. The fair value on which the recoverable amount is based on its categorised as level 3 measurement.

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, the carrying amount of certain CGUs exceeds their recoverable amount, therefore, an impairment loss of RMB1,886,000, RMB3,047,000, RMB2,213,000, RMB1,268,000 (unaudited) and RMB1,116,000 was recognised in the consolidated statements of profit or loss and other comprehensive income respectively.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property – Right-of-use assets, carried at depreciated cost (note (i))	237,163	203,930	172,931	166,310
Leasehold land – Right-of-use assets, carried at depreciated cost (note (ii)).	29,925	29,292	28,654	28,335
	<u>267,088</u>	<u>233,222</u>	<u>201,585</u>	<u>194,645</u>

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge of right-of-use assets by class of underlying asset:					
Property – Right-of-use assets	77,576	83,062	72,167	38,256	31,983
Leasehold land – Right-of-use assets	547	633	638	319	319
	<u>78,123</u>	<u>83,695</u>	<u>72,805</u>	<u>38,575</u>	<u>32,302</u>
Interest on lease liabilities (note 6(a))	11,197	10,566	8,930	4,625	4,117
Expense relating to short-term leases	17,219	12,446	13,657	6,157	7,990
Variable lease payments not included in the measurement of lease liabilities	1,533	1,439	1,638	851	678



For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, additions to right-of-use assets were RMB105,176,000, RMB65,755,000, RMB64,729,000 and RMB30,332,000. These amounts included the purchase of a leasehold land of RMB12,470,000, nil, nil and nil for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(d) and 21, respectively.

Notes:

(i) Property — Right-of-use assets

The Group has obtained the right to use properties as its self-operated physical stores through tenancy agreements. The leases run for an initial period of 2 to 12 years.

The Group leased a number of stores which contain variable lease payment terms that are based on sales generated from the stores and minimum annual lease payment terms that are fixed. These payment terms are common in stores in the PRC where the Group principally operates.

The amount of fixed and variable lease payments for each reporting period is summarised below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fixed payments	78,074	89,980	77,650	40,713	35,300
Rental expense related to variable payments	1,533	2,076	2,272	472	359
Total payments	<u>79,607</u>	<u>92,056</u>	<u>79,922</u>	<u>41,185</u>	<u>35,659</u>

(ii) Leasehold land — Right-of-use assets

The Group's land-use rights on leasehold land are located in Chinese Mainland. Depreciation is recognised in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are 44 to 50 years for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.



12 INVESTMENT PROPERTY

The Group

RMB'000

Cost:

At 1 January 2022.	37,207
Transfer to property, plant and equipment	(26,785)
At 31 December 2022 and 1 January 2023 and 31 December 2023 and 1 January 2024 and 31 December 2024 and 1 January 2025 and 30 June 2025	10,422

Accumulated amortisation:

At 1 January 2022.	4,124
Charge for the year	274
Transfer to property, plant and equipment	(1,747)
At 31 December 2022 and 1 January 2023.	2,651
Charge for the year	274
At 31 December 2023 and 1 January 2024.	2,925
Charge for the year	274
At 31 December 2024 and 1 January 2025.	3,199
Charge for the period	137
At 30 June 2025	3,336

Net book value:

At 30 June 2025	7,086
At 31 December 2024	7,223
At 31 December 2023	7,497
At 31 December 2022	7,771

The rental income is included in 'revenue'. The Group leased out investment property under operating leases. The operating leases mainly run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are regularly increased to reflect market rentals. None of the leases includes contingent rentals.

Undiscounted lease payments under operating leases in place at the each reporting date will be receivable by the Group in future periods as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	822	1,060	990	831
1 to 2 years	577	986	599	209
2 to 3 years	474	599	10	10
3 to 4 years	213	10	5	–
4 to 5 years	–	5	–	–
Total undiscounted lease payments.	2,086	2,660	1,604	1,050



Amount recognised in profit or loss

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Rental income, excluding service charges (note 4(a))	1,014	1,153	1,216	595	558
Direct operating expenses that generated rental income during the year/period	(274)	(274)	(274)	(137)	(137)
Direct operating expenses that did not generate rental income during the year/period	(96)	(96)	(96)	(48)	(48)
	<u>644</u>	<u>783</u>	<u>846</u>	<u>410</u>	<u>373</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the fair value of the Group's investment property was approximately RMB17,900,000, RMB17,800,000, RMB17,100,000 and RMB16,800,000. The fair value is determined by the Directors of the Company mainly with reference to the valuation performed by an independent qualified professional valuer, using the income capitalisation approach with reference to the term value and the reversionary value calculated by discounting the contracted annual rent at the capitalisation rate over the existing lease period and the sum of average unit market rent at the capitalisation rate after the existing lease period.

13 INTANGIBLE ASSETS

The Group

	Software	Copyrights and trademarks	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2022.	26,000	67	26,067
Additions	16,908	—	16,908
Disposals	(7,699)	—	(7,699)
At 31 December 2022 and 1 January 2023	35,209	67	35,276
Additions	13,120	—	13,120
Disposals	(2,264)	—	(2,264)
At 31 December 2023 and 1 January 2024	46,065	67	46,132
Additions	7,694	—	7,694
At 31 December 2024 and 1 January 2025.	53,759	67	53,826
Additions	2,473	—	2,473
At 30 June 2025	56,232	67	56,299



	Software	Copyrights and trademarks	Total
	RMB'000	RMB'000	RMB'000
Accumulated amortisation:			
At 1 January 2022.	14,261	52	14,313
Charge for the year	4,186	3	4,189
Written back on disposals	(5,551)	—	(5,551)
At 31 December 2022 and 1 January 2023	12,896	55	12,951
Charge for the year	5,960	3	5,963
Written back on disposals	(2,046)	—	(2,046)
At 31 December 2023 and 1 January 2024	16,810	58	16,868
Charge for the year	7,956	3	7,959
At 31 December 2024 and 1 January 2025.	24,766	61	24,827
Charge for the period	4,644	1	4,645
At 30 June 2025	29,410	62	29,472
	----	----	----
Net book value:			
At 30 June 2025	26,822	5	26,827
	=====	=====	=====
At 31 December 2024	28,993	6	28,999
	=====	=====	=====
At 31 December 2023	29,255	9	29,264
	=====	=====	=====
At 31 December 2022	22,313	12	22,325
	=====	=====	=====

The amortisation charge for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 is included in “cost of sales” and “administrative expenses” in the consolidated statements of profit or loss and other comprehensive income.

The Company

	Software	Copyrights and trademarks	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2022.	24,712	41	24,753
Additions	13,631	—	13,631
Disposals	(6,626)	—	(6,626)
At 31 December 2022 and 1 January 2023.	31,717	41	31,758
Additions	12,335	—	12,335
Disposals	(2,049)	—	(2,049)
At 31 December 2023 and 1 January 2024.	42,003	41	42,044
Additions	7,529	6	7,535
At 31 December 2024 and 1 January 2025.	49,532	47	49,579
Additions	2,473	—	2,473
At 30 June 2025	52,005	47	52,052
	----	----	----



	Software	Copyrights and trademarks	Total
	RMB'000	RMB'000	RMB'000
Accumulated amortisation:			
At 1 January 2022	13,444	41	13,485
Charge for the year	3,601	—	3,601
Written back on disposals	(4,854)	—	(4,854)
At 31 December 2022 and 1 January 2023	12,191	41	12,232
Charge for the year	5,291	—	5,291
Written back on disposals	(1,831)	—	(1,831)
At 31 December 2023 and 1 January 2024	15,651	41	15,692
Charge for the year	7,140	—*	7,140
At 31 December 2024 and 1 January 2025	22,791	41	22,832
Charge for the period	4,221	1	4,222
At 30 June 2025	27,012	42	27,054
Net book value:			
At 30 June 2025	24,993	5	24,998
At 31 December 2024	26,741	6	26,747
At 31 December 2023	26,352	—	26,352
At 31 December 2022	19,526	—	19,526

* The amount represents amount less than RMB1,000.

14 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	59,967	62,967	76,067	72,567

The financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)), Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)) and Shinewing Certified Public Accountants Shenzhen Branch (信永中和會計師事務所(特殊普通合夥)深圳分所), respectively.

The following list contains only the particulars of subsidiaries which principally and significantly affected the results, assets or liabilities of the Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 and as at the date of this report. The class of shares held is ordinary unless otherwise stated.

Company name	Place of incorporation and operation	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest		Principal activities
				Direct interest	Indirect interest	
福建武夷山王信記茶業有限公司 (Fujian Wuyishan Wangxinji Tea Co., Ltd.) (note (i) (ii))	PRC	RMB8,000,000	RMB8,000,000	–	100.0%	Processing and production of tea leaves and other tea products
福建八馬茶業有限公司 (Fujian Bama Tea Co., Ltd.) (note (i) (iii))	PRC	RMB30,800,000	RMB30,800,000	100.0%	–	Processing, production and sales of tea leaves and other tea products
泉州八馬茶業有限公司 (Quanzhou Bama Tea Co., Ltd.) (note (i) (iv))	PRC	RMB5,000,000	RMB1,000,000	100.0%	–	Sales of tea leaves and other tea products
廈門鑫八馬茶業有限公司 (Xiamen Xin Bama Tea Co., Ltd.) (note (i) (iv))	PRC	RMB5,000,000	RMB1,000,000	100.0%	–	Sales of tea leaves and other tea products
福州鑫八馬茶業有限公司 (Fuzhou Xin Bama Tea Co., Ltd.) (note (i) (iv))	PRC	RMB500,000	RMB500,000	–	100.0%	Sales of tea leaves and other tea products
泉州豐澤八馬茶業有限公司 (Quanzhou Fengze Bama Tea Co., Ltd.) (note (i) (iv))	PRC	RMB5,000,000	Nil	–	100.0%	Sales of tea leaves and other tea products
深圳市萬山紅茶業有限公司 (Shenzhen Wanshanhong Tea Co., Ltd.) (note (i) (iv))	PRC	RMB30,000,000	RMB9,000,000	80.0%	–	Sales of tea leaves and other tea products

Notes:

- (i) These entities are PRC limited liability companies. The official names of these entities are in Chinese. The English translation of the names is for reference only.
- (ii) The financial statements of the entity for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)), Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)) and Shinewing Certified Public Accountants Shenzhen Branch (信永中和會計師事務所(特殊普通合夥)深圳分所), respectively.



- (iii) The financial statements of the entity for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Shenzhen Xuanyi Certified Public Accountants' Firm (深圳市深業會計師事務所(普通合夥)) and Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)) and Shinewing Certified Public Accountants Shenzhen Branch (信永中和會計師事務所(特殊普通合夥)深圳分所), respectively.
- (iv) No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024.

All subsidiaries have adopted December 31 as their financial year end date.

15 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at FVPL				
– Unlisted structured deposits	–	140,240	–	–
	=	<u>140,240</u>	=	<u>–</u>

The amount represents investments in structured deposits issued by financial institutions in the PRC. There are no fixed or determinable returns of these structured deposits.

16 INVENTORIES

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

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw material	42,561	47,380	47,467	70,787
Work in progress	63,980	55,657	46,411	46,299
Finished goods and goods in transit .	333,880	333,305	345,099	326,730
	<u>440,421</u>	<u>436,342</u>	<u>438,977</u>	<u>443,816</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods and goods in transit .	<u>349,020</u>	<u>345,446</u>	<u>371,591</u>	<u>337,970</u>

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Carrying amount of inventories consumed	838,624	998,582	944,483	488,155	461,829
Write-down of inventories	284	436	200	—	—
	<u>838,908</u>	<u>999,018</u>	<u>944,683</u>	<u>488,155</u>	<u>461,829</u>

17 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Trade receivables, net of loss allowance.	46,649	58,522	64,039	46,251
Deposits	14,343	22,281	18,897	20,291
Value-added tax recoverable.	6,973	14,540	11,464	6,753
Amount due from local authority (note (i))	—	—	66,410	66,410
Other receivables	432	1,910	3,554	4,583
Payments for listing expenses.	—	—	6,962	4,565
Prepayments to vendors	<u>27,110</u>	<u>26,387</u>	<u>22,136</u>	<u>29,628</u>
	<u>95,507</u>	<u>123,640</u>	<u>193,462</u>	<u>178,481</u>
Non-current				
Rental deposits.	16,777	8,993	8,197	7,467
Prepayment for purchase of property, plant and equipment and right-of-use assets	8,751	74,080	953	520



The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Trade receivables, net of loss allowance.	42,628	54,663	59,690	42,609
Deposits	12,426	18,730	15,989	17,268
Amount due from local authority (note (i))	–	–	66,410	66,410
Other receivables	1,638	1,049	3,908	4,858
Amounts due from subsidiaries	76,673	167,742	96,164	100,506
Payments for listing expenses	–	–	6,962	4,565
Prepayments to vendors	25,755	25,198	19,144	26,686
	<u>159,120</u>	<u>267,382</u>	<u>268,267</u>	<u>262,902</u>
Non-current				
Rental deposits	11,089	6,170	5,122	4,422
Prepayment for purchase of property, plant and equipment and right-of-use assets (note (i))	8,340	72,154	677	462

Current portion of the trade and other receivables are expected to be recovered or recognised as expense within one year or are recovered on demand.

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, an impairment loss of other receivables of RMB484,000, RMB1,126,000, RMB1,616,000, RMB617,000 (unaudited) and RMB(35,000) was recognised/(reversed) in profit or loss in the consolidated statements of profit or loss and other comprehensive income respectively.

Note:

- (i) In December 2023, the Company and a third party entered into a land use right transfer contract (the “Contract”) with the local authority. Pursuant to the Contract, the Company and the third party jointly agreed to acquire a parcel of land from the local authority and planned to jointly develop a building on the parcel of land (the “Joint Development Project”). As at 31 December 2023, the Company made a total prepayment of RMB70,800,000, representing 60% of the Company’s interest in the land use right, while the remaining 40% was held by the third party. The Company intended to use its portion of the building as the Group’s headquarters.

In 2024, the third party withdrew from the Joint Development Project. Consequently, the Company also decided to terminate its involvement in the project and applied to the local authority for the return of its prepayment in October 2024. This application was approved by the local authority in November 2024. Under the termination terms of the Contract, the Company is required to pay a land occupation fee of RMB4,390,000, which corresponds to the period during which the Company held the land use right prior to termination. This amount has been recognised as an expense in “Other net (losses)/income” in the consolidated statements of profit or loss and other comprehensive income. The remaining balance is expected to be refunded by the local authority in 2025.



Ageing analysis:

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	46,554	58,394	63,502	45,922
More than 1 year but within				
2 years	82	90	515	218
More than 2 years but within				
3 years	13	38	22	111
	<u>46,649</u>	<u>58,522</u>	<u>64,039</u>	<u>46,251</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	42,536	54,539	59,344	42,398
More than 1 year but within				
2 years	82	86	327	211
More than 2 years but within				
3 years	10	38	19	–
	<u>42,628</u>	<u>54,663</u>	<u>59,690</u>	<u>42,609</u>

Further details on the Group's credit policy are set out in note 26(a).

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	245,393	302,811	443,323	532,098
Less: deposits with banks with				
original maturity date over				
three months.	–	(90,000)	(90,000)	(90,000)
Less: restricted bank deposits				
(note (i))	<u>(6,130)</u>	<u>(6,254)</u>	<u>(6,124)</u>	<u>(6,077)</u>
Cash and cash equivalents in the				
consolidated statement of financial				
position and the consolidated cash				
flow statement.	<u>239,263</u>	<u>206,557</u>	<u>347,199</u>	<u>436,021</u>



The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	205,827	260,296	394,536	496,201
Less: deposits with banks with original maturity date over three months	—	(90,000)	(90,000)	(90,000)
Less: restricted bank deposits (note (i))	(6,128)	(6,251)	(6,122)	(6,075)
Cash and cash equivalents in the statement of financial position of the Company	<u>199,699</u>	<u>164,045</u>	<u>298,414</u>	<u>400,126</u>

- (i) Restricted cash of RMB6,128,000, RMB6,251,000, RMB6,122,000 and RMB6,075,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively mainly was reserved for receipts in advance of prepaid cards in accordance with relevant regulations issued by Ministry of Commerce of PRC.

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

Note	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	226,554	284,013	308,364	197,555	163,007
Adjustments for:					
Investment income from financial assets measured at FVPL 6(c)	(1,593)	(2,062)	(1,711)	(1,410)	(979)
Depreciation 6(d)	128,889	138,459	127,819	65,284	60,019
Amortisation of intangible assets 6(d)	4,189	5,963	7,959	3,829	4,645
Interest income 5	(725)	(1,217)	(3,766)	(1,998)	(1,534)
Finance costs 6(a)	11,197	10,890	9,624	5,144	4,117
Losses/(gains) on disposal of property, plant and equipment and right-of-use assets 6(c)	4,900	977	(2,625)	(1,597)	(907)
Impairment losses/(reversal) on trade and other receivables	948	1,745	2,691	782	(914)
Impairment losses of property, plant and equipment and right-of-use assets 11(a)	1,886	3,047	2,213	1,268	1,116
Change in fair value of financial assets measured at FVPL 6(c)	—	(240)	—	9	—
Restoration costs 6(d)	270	224	314	120	94
Termination cost of purchase contract for land use right 6(c)	—	—	4,390	—	—

Note	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Changes in working capital:					
(Increase)/decrease in inventories	(109,265)	4,079	(2,635)	(27,846)	(4,839)
Increase/(decrease) in deferred income	1,503	690	1,357	(799)	(1,443)
Increase/(decrease) in trade and other receivables and rental deposits	(21,434)	(10,295)	(4,433)	(56,549)	15,168
Increase/(decrease) in trade and other payables and accruals	29,081	68,534	(60,340)	(49,053)	(6,210)
(Decrease)/increase in contract liabilities	(3,668)	19,000	(22,106)	(19,188)	2,947
Increase in restricted bank deposits	547	124	130	39	47
Cash generated from operations	<u>273,279</u>	<u>523,931</u>	<u>367,245</u>	<u>115,590</u>	<u>234,334</u>

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

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

	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000 note 22	RMB'000 note 21	RMB'000 note 19	RMB'000
At 1 January 2022.	—	228,041	15	228,056
Changes from financing cash flows:				
Payment of capital element of lease liabilities	—	(66,877)	—	(66,877)
Payment of interest element of lease liabilities	—	(11,197)	—	(11,197)
Dividends paid to equity shareholders of the Company*	—	—	(37,985)	(37,985)
Total changes from financing cash flows	—	(78,074)	(37,985)	(116,059)
Other changes:				
Interest expenses (note 6(a))	—	11,197	—	11,197
Dividends approved to equity shareholders of the Company	—	—	38,000	38,000
Increase in lease liabilities from entering into new leases during the year	—	92,706	—	92,706
Decrease in lease liabilities from terminating leases during the year	—	(7,829)	—	(7,829)
Total other changes	—	96,074	38,000	134,074
At 31 December 2022 and 1 January 2023	<u>—</u>	<u>246,041</u>	<u>30</u>	<u>246,071</u>

	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000 note 22	RMB'000 note 21	RMB'000 note 19	RMB'000
Changes from financing cash flows:				
Proceeds from bank loans	90,000	–	–	90,000
Repayment of bank loans	(30,000)	–	–	(30,000)
Payment of capital element of lease liabilities	–	(79,414)	–	(79,414)
Payment of interest element of lease liabilities	–	(10,566)	–	(10,566)
Interest of bank loans paid	(324)	–	–	(324)
Dividends paid to equity shareholders of the Company*	–	–	(30,388)	(30,388)
Total changes from financing cash flows	59,676	(89,980)	(30,388)	(60,692)
Other changes:				
Interest expenses (note 6(a))	324	10,566	–	10,890
Dividends approved to equity shareholders of the Company	–	–	30,400	30,400
Increase in lease liabilities from entering into new leases during the year	–	65,755	–	65,755
Decrease in lease liabilities from terminating leases during the year	–	(15,940)	–	(15,940)
Total other changes	324	60,381	30,400	91,105
At 31 December 2023	60,000	216,442	42	276,484

	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000 note 22	RMB'000 note 21	RMB'000 note 19	RMB'000
At 1 January 2024	60,000	216,442	42	276,484
Changes from financing cash flows:				
Repayment of bank loans	(60,000)	–	–	(60,000)
Payment of capital element of lease liabilities	–	(68,720)	–	(68,720)
Payment of interest element of lease liabilities	–	(8,930)	–	(8,930)
Interest of bank loans paid	(694)	–	–	(694)
Dividends paid to equity shareholders of the Company*	–	–	(31,912)	(31,912)
Total changes from financing cash flows	(60,694)	(77,650)	(31,912)	(170,256)
Other changes:				
Interest expenses (note 6(a))	694	8,930	–	9,624
Dividends approved to equity shareholders of the Company	–	–	31,920	31,920
Increase in lease liabilities from entering into new leases during the year	–	64,729	–	64,729
Decrease in lease liabilities from terminating leases during the year	–	(29,068)	–	(29,068)
Total other changes	694	44,591	31,920	77,205
At 31 December 2024	–	183,383	50	183,433



(unaudited)	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000 note 22	RMB'000 note 21	RMB'000 note 19	RMB'000
At 1 January 2024	60,000	216,442	42	276,484
Changes from financing cash flows:				
Repayment of bank loans	(30,000)	—	—	(30,000)
Payment of capital element of lease liabilities	—	(36,088)	—	(36,088)
Payment of interest element of lease liabilities	—	(4,625)	—	(4,625)
Interest of bank loans paid	(519)	—	—	(519)
Dividends paid to equity shareholders of the Company*	—	—	(31,899)	(31,899)
Total changes from financing cash flows	(30,519)	(40,713)	(31,899)	(103,131)
Other changes:				
Interest expenses (note 6(a))	519	4,625	—	5,144
Dividends approved to equity shareholders of the Company	—	—	31,920	31,920
Increase in lease liabilities from entering into new leases during the period	—	24,335	—	24,335
Decrease in lease liabilities from terminating leases during the period	—	(17,555)	—	(17,555)
Total other changes	519	11,405	31,920	43,844
At 30 June 2024	30,000	187,134	63	217,197

* The amount of dividends paid to equity shareholders of the Company includes the payment of withholding individual income tax.

	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000 note 22	RMB'000 note 21	RMB'000 note 19	RMB'000
At 1 January 2025	—	183,383	50	183,433
Changes from financing cash flows:				
Payment of capital element of lease liabilities	—	(31,183)	—	(31,183)
Payment of interest element of lease liabilities	—	(4,117)	—	(4,117)
Dividends paid to equity shareholders of the Company	—	—	(31,343)	(31,343)
Total changes from financing cash flows	—	(35,300)	(31,343)	(66,643)
Other changes:				
Interest expenses (note 6(a))	—	4,117	—	4,117
Dividends approved to equity shareholders of the Company	—	—	36,181	36,181
Withholding individual income tax in respect of dividend paid	—	—	(4,825)	(4,825)
Increase in lease liabilities from entering into new leases during the period	—	30,332	—	30,332
Decrease in lease liabilities from terminating leases during the period	—	(6,236)	—	(6,236)
Total other changes	—	28,213	31,356	59,569
At 30 June 2025	—	176,296	63	176,359



(d) Total cash out flow for leases:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating cash flows	14,331	10,854	12,013	6,698	8,229
Within investing cash flows	12,470	70,800	—	—	—
Within financing cash flows	78,074	89,980	77,650	40,713	35,300
	<u>104,875</u>	<u>171,634</u>	<u>89,663</u>	<u>47,411</u>	<u>43,529</u>

These amounts relate to the following:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease rentals settled	92,405	100,834	89,663	47,411	43,529
Purchase of leasehold land	12,470	70,800	—	—	—
	<u>104,875</u>	<u>171,634</u>	<u>89,663</u>	<u>47,411</u>	<u>43,529</u>

19 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	187,261	199,327	155,749	181,775
Bill payables	—	4,843	—	—
Deposits	63,880	71,250	74,385	78,979
Payables for purchase of property, plant and equipment	12,146	50,114	30,230	21,634
Staff cost payables	50,178	64,311	50,330	37,001
Other taxes payables	8,647	15,521	22,270	18,294
Dividends payable	30	42	50	63
Refund liabilities arising from sales rebate	3,926	26,159	12,726	12,043
Amounts due to related parties (note 28(d))	1,776	2,112	1,734	1,656
Other payables	<u>29,726</u>	<u>29,220</u>	<u>34,972</u>	<u>21,032</u>
	<u>357,570</u>	<u>462,899</u>	<u>382,446</u>	<u>372,477</u>



The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	59,955	86,106	80,503	70,803
Bill payables	—	4,843	—	—
Deposits	63,615	71,064	73,935	78,435
Payables for purchase of property, plant and equipment	2,181	3,546	8,681	3,172
Staff cost payables	29,549	46,240	36,537	24,729
Other taxes payables	2,428	5,583	16,851	13,820
Dividends payable	30	42	50	63
Refund liabilities arising from sales rebate	3,926	26,160	12,726	12,043
Amounts due to related parties	272,640	370,739	344,062	432,788
Other payables	27,428	18,251	29,592	15,766
	<u>461,752</u>	<u>632,574</u>	<u>602,937</u>	<u>651,619</u>

Deposits received from suppliers and franchisees may be repayable to suppliers and franchisees after more than one year. All of the other payables is expected to be settled within one year or are repayable on demand.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the ageing analysis of trade payables and bill payables, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	187,254	204,161	155,530	181,587
After 1 year	7	9	219	188
	<u>187,261</u>	<u>204,170</u>	<u>155,749</u>	<u>181,775</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	59,955	90,940	80,471	70,803
After 1 year	—	9	32	—
	<u>59,955</u>	<u>90,949</u>	<u>80,503</u>	<u>70,803</u>



20 CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Customer loyalty scheme	3,938	4,268	4,432	6,280
Prepaid card	14,772	15,469	14,949	15,011
Advanced payment received	37,500	55,473	33,723	34,760
	<u>56,210</u>	<u>75,210</u>	<u>53,104</u>	<u>56,051</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Customer loyalty scheme	3,938	4,268	4,432	6,280
Prepaid card	4,860	4,766	4,501	4,177
Advanced payment received	27,347	43,832	27,324	24,769
	<u>36,145</u>	<u>52,866</u>	<u>36,257</u>	<u>35,226</u>

Movements in contract liabilities:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	59,878	56,210	75,210	53,104
Increase in contract liabilities as a result of receiving advance payment of prepaid card during the year/period	3,608	3,735	3,419	1,725
Increase in contract liabilities as a result of receiving advance payment of customer loyalty scheme during the year/period	5,158	2,586	3,885	2,551
Increase in contract liabilities as a result of receiving advance payment from franchisees for purchase of goods during the year/period	37,458	64,578	48,864	30,618
Decrease in contract liabilities as a result of recognising revenue during the year/period	<u>(49,892)</u>	<u>(51,899)</u>	<u>(78,274)</u>	<u>(31,947)</u>
Balance at the end of the year/period	<u>56,210</u>	<u>75,210</u>	<u>53,104</u>	<u>56,051</u>



The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period .	49,531	36,145	52,866	36,257
Increase in contract liabilities as a result of receiving advance payment of prepaid card during the year/period	1,790	390	479	134
Increase in contract liabilities as a result of receiving advance payment of customer loyalty scheme during the year/period . . .	5,158	2,586	3,885	2,551
Increase in contract liabilities as a result of receiving advance payment from franchisees for purchase of goods during the year/period	25,168	49,817	38,370	21,820
Decrease in contract liabilities as a result of recognising revenue during the year/period	(45,502)	(36,072)	(59,343)	(25,536)
Balance at the end of the year/period	<u>36,145</u>	<u>52,866</u>	<u>36,257</u>	<u>35,226</u>

21 LEASE LIABILITIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the lease liabilities were repayable as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	101,407	87,103	62,672	59,704
After 1 year but within 2 years. . . .	107,926	54,843	82,819	46,537
After 2 years but within 5 years . . .	46,863	71,922	55,010	69,362
After 5 years	16,257	25,462	2,060	19,357
	272,453	239,330	202,561	194,960
Less: total future interest expenses .	26,412	22,888	19,178	18,664
Present value of lease liabilities . . .	<u>246,041</u>	<u>216,442</u>	<u>183,383</u>	<u>176,296</u>
Lease liabilities included in the consolidated statement of financial position				
– Within 1 year	89,945	77,620	55,577	52,840
– After 1 year but within 2 years . . .	98,439	50,186	74,982	41,879
– After 2 years but within 5 years . . .	42,423	65,150	50,809	63,260
– After 5 years	15,234	23,486	2,015	18,317
	<u>156,096</u>	<u>138,822</u>	<u>127,806</u>	<u>123,456</u>
	<u>246,041</u>	<u>216,442</u>	<u>183,383</u>	<u>176,296</u>



The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	55,890	54,853	38,296	36,364
After 1 year but within 2 years	60,741	32,563	49,939	28,077
After 2 years but within 5 years . . .	29,557	46,842	39,009	43,373
After 5 years	13,294	21,516	2,060	15,668
	159,482	155,774	129,304	123,482
Less: total future interest expenses .	15,841	15,767	13,152	12,605
Present value of lease liabilities . . .	<u>143,641</u>	<u>140,007</u>	<u>116,152</u>	<u>110,877</u>
Lease liabilities included in the statements of financial position of the Company				
– Within 1 year	49,851	48,925	33,775	32,011
– After 1 year but within 2 years . .	55,023	29,530	44,736	25,067
– After 2 years but within 5 years . .	26,321	41,798	35,626	39,041
– After 5 years	12,446	19,754	2,015	14,758
	<u>93,790</u>	<u>91,082</u>	<u>82,377</u>	<u>78,866</u>
	<u>143,641</u>	<u>140,007</u>	<u>116,152</u>	<u>110,877</u>

22 BANK LOANS

The analysis of the repayment schedule of bank loans is as follows:

The Group and The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year or on demand – guaranteed	=	<u>60,000</u>	=	=

All of the bank loans as at 31 December 2023 were guaranteed by related parties (note 28(c)).



23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

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

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period .	23,102	33,353	55,373	40,631
Provisions for income tax for the year/period	68,994	80,889	83,476	38,681
Income tax paid	(58,743)	(58,869)	(98,218)	(53,093)
At the end of the year/period	<u>33,353</u>	<u>55,373</u>	<u>40,631</u>	<u>26,219</u>

Current taxation in the statements of financial position of the Company represents:

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period .	9,098	9,843	28,335	10,358
Provisions for income tax for the year/period	36,818	43,448	39,715	15,437
Income tax paid	(36,073)	(24,956)	(57,692)	(20,395)
At the end of the year/period	<u>9,843</u>	<u>28,335</u>	<u>10,358</u>	<u>5,400</u>



(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 are as follows:

The Group

Deferred tax assets/(liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Impairment losses	Unrealised intra-group profit	Deferred income	Customer loyalty scheme	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	699	(52,078)	54,377	6,270	7,943	1,433	667	113	19,424
Credited/(charged) to profit or loss (note 7(a))	162	(3,850)	5,115	(338)	6,301	586	148	165	8,289
At 31 December 2022 and 1 January 2023	861	(55,928)	59,492	5,932	14,244	2,019	815	278	27,713
Credited/(charged) to profit or loss (note 7(a))	568	6,789	(5,492)	1,068	(945)	377	180	59	2,604
At 31 December 2023 and 1 January 2024	1,429	(49,139)	54,000	7,000	13,299	2,396	995	337	30,317
(Charged)/credited to profit or loss (note 7(a))	(641)	8,707	(10,901)	918	2,976	473	(14)	(2,205)	(687)
At 31 December 2024 and 1 January 2025	788	(40,432)	43,099	7,918	16,275	2,869	981	(1,868)	29,630
Credited/(charged) to profit or loss (note 7(a))	73	1,507	(1,715)	(351)	(4,078)	(359)	363	269	(4,291)
At 30 June 2025	861	(38,925)	41,384	7,567	12,197	2,510	1,344	(1,599)	25,339



The components of deferred tax assets/(liabilities) recognised in the statements of financial position of the Company and the movements for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 are as follows:

The Company

Deferred tax assets/(liabilities) arising from:	Right-of- use assets	Lease liabilities	Impairment losses	Deferred income	Customer loyalty scheme	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	(28,674)	29,926	4,590	1,433	667	—	7,942
(Charged)/credited to profit or loss	<u>(5,259)</u>	<u>6,380</u>	<u>257</u>	<u>586</u>	<u>148</u>	<u>50</u>	<u>2,162</u>
At 31 December 2022 and 1 January 2023	(33,933)	36,306	4,847	2,019	815	50	10,104
Credited/(charged) to profit or loss	<u>1,390</u>	<u>(757)</u>	<u>761</u>	<u>377</u>	<u>180</u>	<u>(88)</u>	<u>1,863</u>
At 31 December 2023 and 1 January 2024	(32,543)	35,549	5,608	2,396	995	(38)	11,967
Credited/(charged) to profit or loss	<u>5,726</u>	<u>(6,510)</u>	<u>507</u>	<u>357</u>	<u>(14)</u>	<u>(2,217)</u>	<u>(2,151)</u>
At 31 December 2024 and 1 January 2025	<u>(26,817)</u>	<u>29,039</u>	<u>6,115</u>	<u>2,753</u>	<u>981</u>	<u>(2,255)</u>	<u>9,816</u>
Credited/(charged) to profit or loss	<u>1,349</u>	<u>(1,319)</u>	<u>(334)</u>	<u>(312)</u>	<u>363</u>	<u>190</u>	<u>(63)</u>
At 30 June 2025	<u>(25,468)</u>	<u>27,720</u>	<u>5,781</u>	<u>2,441</u>	<u>1,344</u>	<u>(2,065)</u>	<u>9,753</u>

(ii) *Reconciliation to the consolidated statements of financial position*

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the consolidated statements of financial position	<u>27,713</u>	<u>30,317</u>	<u>29,630</u>	<u>25,339</u>

Reconciliation to the statements of financial position of the Company

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the statements of financial position of the Company	<u>10,104</u>	<u>11,967</u>	<u>9,816</u>	<u>9,753</u>



(c) **Deferred tax assets not recognised**

In accordance with the accounting policy set out in note 2(q), as at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB19,300,000, RMB25,113,000, RMB23,157,000 and RMB23,612,000, as it is not probable that future taxable profits against which the losses or temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

The expiration information of the Group's unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2023	4,215	–	–	–
2024	3,715	3,715	–	–
2025	2,369	2,369	2,369	2,363
2026	4,837	4,837	4,837	4,404
2027	4,164	4,081	4,081	3,372
2028	–	10,111	9,351	8,595
2029	–	–	2,256	2,255
2030	–	–	–	2,197
No expiration date	–	–	263	426
Total	<u>19,300</u>	<u>25,113</u>	<u>23,157</u>	<u>23,612</u>

All the tax losses of subsidiaries of the Group in PRC can be carried forward for a maximum period of five years. The tax losses of subsidiary of the Group in Hong Kong do not expire under current tax legislation.

24 DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	10,303	11,806	12,496	13,853
Additions	3,230	2,800	3,953	–
Credited to profit or loss (note 5)	(1,727)	(2,110)	(2,596)	(1,443)
At the end of the year/period	<u>11,806</u>	<u>12,496</u>	<u>13,853</u>	<u>12,410</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	5,734	8,077	9,586	10,414
Additions	3,230	2,800	3,000	–
Credited to profit or loss	(887)	(1,291)	(2,172)	(1,248)
At the end of the year/period	<u>8,077</u>	<u>9,586</u>	<u>10,414</u>	<u>9,166</u>

Deferred income mainly represents government grants relating to construction of property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.



25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

Company	Note	Share capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		76,000	82,214	28,576	136,832	323,622
Total comprehensive income for the year . .		–	–	–	101,114	101,114
Appropriation to statutory reserve		–	–	10,112	(10,112)	–
Dividends approved	25(b)	–	–	–	(38,000)	(38,000)
At 31 December 2022 and 1 January 2023 . .		76,000	82,214	38,688	189,834	386,736
Total comprehensive income for the year . .		–	–	–	120,479	120,479
Dividends approved	25(b)	–	–	–	(30,400)	(30,400)
At 31 December 2023 and 1 January 2024 . .		76,000	82,214	38,688	279,913	476,815
Total comprehensive income for the year . .		–	–	–	114,858	114,858
Dividends approved	25(b)	–	–	–	(31,920)	(31,920)
At 31 December 2024 and 1 January 2025 . .		76,000	82,214	38,688	362,851	559,753
Total comprehensive income for the period		–	–	–	44,068	44,068
Dividends approved	25(b)	–	–	–	(36,181)	(36,181)
At 30 June 2025		76,000	82,214	38,688	370,738	567,640

(b) Dividends

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Company approved dividends of RMB38,000,000 (RMB0.50 per ordinary share), RMB30,400,000 (RMB0.40 per ordinary share), RMB31,920,000 (RMB0.42 per ordinary share) and RMB36,181,000 (RMB0.48 per ordinary share) respectively to its equity shareholders.

(c) Share capital

Issued share capital

	No. of shares	Nominal value of fully paid shares
		RMB'000
Ordinary shares of RMB1.00 each, issued and fully paid:		
At 1 January 2022, 31 December 2022, 2023 and 2024 and 30 June 2025	76,000,000	76,000



Special rights granted by the ultimate controlling parties and/or Wang Kunheng

In connection with the pre-IPO investments, Chengdu Xinjin Shengwang Jiaozi New Consumption Equity Investment Fund 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”) had been granted certain special rights against Wang Wenli, Wang Wenbin, Chen Yajing, Wu Xiaoning, Wang Xiaoping and Wang Wenchao (the “Ultimate Controlling Parties”) and/or Wang Kunheng, including among others, (i) redemption rights, (ii) right of first refusal and co-sale, (iii) financial compensation, (iv) information rights, and (v) most favorable treatment. Pursuant to a supplementary agreement dated 15 January 2025, the special rights, including the redemption rights, right of first refusal and co-sale, and financial compensation, granted to Chengdu Xinjin shall be automatically terminated one day prior to the Company’s submission of listing application to the Stock Exchange for its listing of H shares on the Stock Exchange and the special rights, including information rights and most favorable treatment, shall be automatically terminated one day prior to the listing of the H shares on the Main Board of the Stock Exchange, provided that the rights so terminated shall resume automatically in certain circumstances, including: (i) the listing application has been voluntarily withdrawn or no re-filing has been made for the listing application within six months upon its expiry, or (ii) the listing application has been rejected, or (iii) the initial public offering does not take place before the agreed long stop date.

The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned special rights granted by the Ultimate Controlling Parties and/or Wang Kunheng, including the redemption rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted by the Ultimate Controlling Parties and/or Wang Kunheng in the event of a default by the Ultimate Controlling Parties and/or Wang Kunheng. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted to Chengdu Xinjin by the Ultimate Controlling Parties and/or Wang Kunheng.

(d) Nature and purposes of reserves

(i) Capital reserve

Arising from conversion into a joint stock limited liability company

It represents the capital reserve contributed by the shareholders of the Company after its conversion into a joint stock limited liability company in August 2014.

Arising from business combination involving enterprises under common control

It represents the difference between the capital reserve of the subsidiary now comprising the Group and consideration paid by the Company for acquiring the subsidiary now comprising the Group under common control.

Arising from acquisition of non-controlling interest

It represents the differences between the consideration paid and acquired proportionate interest in identifiable net assets of Fujian Wuyishan Wangxinji Tea Co., Ltd. and Shenzhen Dike Catering Management Co., Ltd. from non-controlling shareholders was recognised as a deduction from capital reserve.

Arising from capital injection

It represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

(ii) Statutory reserve

According to the PRC Company Law, the Company’s PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. From 31 December 2022 onward, the statutory reserve balance of the Company reached 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.



Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2022, 2023 and 2024 and 30 June 2025 was 48.2%, 48.6%, 37.4% and 34.7%, respectively.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits and deposits with a bank with original maturity date over three months is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

Trade receivables

The Group's trade receivables mainly due from e-commerce platforms, the third party payment platforms such as UnionPay, Alipay and WeChat Pay and shopping mall.

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Group's trade receivables are settled through the third party payment platforms within 3 days. The receivables due from e-commerce platforms and shopping mall are due within 30-60 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.



The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2022, 2023 and 2024 and 30 June 2025, 49%, 63%, 62% and 59% of the total trade receivables was due from the Group's largest customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022, 2023 and 2024 and 30 June 2025:

As at 31 December 2022			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year.	3.75%	48,369	1,815
More than 1 year but within 2 years	19.61%	102	20
More than 2 years but within 3 years	50.00%	26	13
More than 3 years.	100.00%	93	93
		<u>48,590</u>	<u>1,941</u>

As at 31 December 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year.	4.03%	60,847	2,453
More than 1 year but within 2 years	23.08%	117	27
More than 2 years but within 3 years	49.33%	75	37
More than 3 years.	100.00%	30	30
		<u>61,069</u>	<u>2,547</u>

As at 31 December 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year.	4.89%	66,766	3,264
More than 1 year but within 2 years	19.91%	643	128
More than 2 years but within 3 years	50.00%	44	22
More than 3 years.	100.00%	105	105
		<u>67,558</u>	<u>3,519</u>

As at 30 June 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	4.75%	48,212	2,290
More than 1 year but within 2 years	20.15%	273	55
More than 2 years but within 3 years	51.53%	229	118
More than 3 years	100.00%	46	46
		<u>48,760</u>	<u>2,509</u>

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	1,505	1,941	2,547	3,519
Amounts written off	(28)	(13)	(103)	(131)
Impairment losses recognised	464	619	1,075	–
Impairment losses reversed	–	–	–	(879)
At the end of the year/period	<u>1,941</u>	<u>2,547</u>	<u>3,519</u>	<u>2,509</u>

(b) Liquidity risk

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

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current as at 31 December 2022, 2023 and 2024 and 30 June 2025) and the earliest date the Group can be required to pay.

	As at 31 December 2022					Carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	357,570	–	–	–	357,570	357,570
Lease liabilities	101,407	107,926	46,863	16,257	272,453	246,041
	<u>458,977</u>	<u>107,926</u>	<u>46,863</u>	<u>16,257</u>	<u>630,023</u>	<u>603,611</u>



As at 31 December 2023						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	462,899	–	–	–	462,899	462,899
Bank loans	60,049	–	–	–	60,049	60,000
Lease liabilities . . .	87,103	54,843	71,922	25,462	239,330	216,442
	<u>610,051</u>	<u>54,843</u>	<u>71,922</u>	<u>25,462</u>	<u>762,278</u>	<u>739,341</u>

As at 31 December 2024						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	382,446	–	–	–	382,446	382,446
Lease liabilities . . .	62,672	82,819	55,010	2,060	202,561	183,383
	<u>445,118</u>	<u>82,819</u>	<u>55,010</u>	<u>2,060</u>	<u>585,007</u>	<u>565,829</u>

As at 30 June 2025						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	372,477	–	–	–	372,477	372,477
Lease liabilities . . .	59,704	46,537	69,362	19,357	194,960	176,296
	<u>432,181</u>	<u>46,537</u>	<u>69,362</u>	<u>19,357</u>	<u>567,437</u>	<u>548,773</u>

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.



(i) *Interest rate profile*

The following table details the interest rate profile of the Group's bank loans as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 30 June 2025	
	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount
	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000
Fixed rate instruments:								
Bank loans . . .	—	—	2.23%	30,000	—	—	—	—
		—		30,000		—		—
		—		—		—		—
Variable rate instruments:								
Bank loans . . .	—	—	2.30%	30,000	—	—	—	—
Total		—		60,000		—		—
		—		—		—		—

(ii) *Sensitivity analysis*

At 31 December 2022, 2023 and 2024 and 30 June 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately nil, RMB225,000, nil and nil in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) *Currency risk*

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

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly dominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.



(e) **Fair value measurement**

(i) **Financial assets measured at fair value**

Fair value hierarchy

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

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

The Group has a team headed by the finance manager performing valuations for the financial instruments, including structured deposits which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer.

Fair value at 31 December	Fair value measurements as at 31 December 2022 categorised into		
2022	Level 1	Level 2	Level 3
RMB'000	RMB'000	RMB'000	RMB'000

Recurring fair value measurement

Financial assets measured at FVPL:

– Unlisted structured deposits.	–	–	–	–
---	---	---	---	---

Fair value at 31 December	Fair value measurements as at 31 December 2023 categorised into		
2023	Level 1	Level 2	Level 3
RMB'000	RMB'000	RMB'000	RMB'000

Recurring fair value measurement

Financial assets measured at FVPL:

– Unlisted structured deposits.	140,240	–	–	140,240
---	---------	---	---	---------

Fair value at 31 December	Fair value measurements as at 31 December 2024 categorised into		
2024	Level 1	Level 2	Level 3
RMB'000	RMB'000	RMB'000	RMB'000

Recurring fair value measurement

Financial assets measured at FVPL:

– Unlisted structured deposits.	–	–	–	–
---	---	---	---	---



Fair value at 30 June	Fair value measurements as at 30 June 2025 categorised into		
2025	Level 1	Level 2	Level 3
RMB'000	RMB'000	RMB'000	RMB'000

Recurring fair value measurement

Financial assets measured at FVPL:

– Unlisted structured deposits.	–	–	–	–
	=	=	=	=

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted structured deposits	Discounted cash flow (<i>Note</i>)	Discount rate

Note:

The fair value of unlisted structured deposits is determined by discounting the estimated future cash flows at risk-adjusted rate, which is the benchmark interest rate plus the risk premium as at the end of each reporting period. At 31 December 2022, 2023 and 2024 and 30 June 2025, it is estimated that with all other variables held constant, an increase/decrease in fair value of wealth management products by 5% would have increased/decreased the Group's after tax and retained profits by approximately nil, RMB5,259,000, nil and nil.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 30 June 2025 because of the short-term maturities of all these financial instruments.

27 COMMITMENTS

Capital commitments of the Group outstanding at 31 December 2022, 2023 and 2024 and 30 June 2025 not provided for in the financial statements were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment and right-of-use assets	107,633	2,772	1,610	11,894

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties that had material transactions with the Group

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Wang Wenli (王文禮)*	Controlling shareholder
Wang Wenbin (王文彬)*	Controlling shareholder
Wang Wenchao (王文超)*	Controlling shareholder
Chen Xin (陳昕)*	Close members of the family of the controlling shareholder
Liu Chaolan (劉超蘭)*	Close members of the family of the director
Guangxi Jiuyun Tea Industry Co., Ltd (廣西九雲茶業有限公司)*	Entity controlled by close members of the family of the controlling shareholder
Shenzhen Yintai Tea Industry Co., Ltd (深圳市銀泰茶業有限公司)*	Entity controlled by close members of the family of the director
Jiangxi Youyuan Industrial Co., Ltd (江西優源實業有限公司)*	Entity controlled by close members of the family of the controlling shareholder
Shenzhen Futian District Guangfutang Tea Firm (深圳市福田區廣福堂茶業商行)*	Entity controlled by close members of the family of the controlling shareholder (ceased to be a related party since 1 January 2025)
Shenzhen Yunxiang Tea Industry Co., Ltd (深圳市雲祥茶業有限公司)*	Entity controlled by close members of the family of the director
Foshan Dacheng Tea Industry Co., Ltd (佛山市大成茶業有限公司)*	Entity controlled by close members of the family of the key management personnel (ceased to be a related party since 1 January 2025)
Fujian Shouxi Furniture Co., Ltd (福建首璽家具有限公司)*	Entity controlled by close members of the family of the controlling shareholder
Fujian Anxi Yuanfang Tea Co., Ltd (福建省安溪源芳茶業有限公司)*	Entity controlled by close members of the family of the controlling shareholder
Guangzhou Xiangtai Tea Industry Co., Ltd (廣州市祥泰茶業有限公司)*	Entity controlled by close members of the family of the director

* The official names of these entities are in Chinese. The English names are for identification purpose only.

(b) Key management personnel remuneration

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	11,136	11,897	14,041	6,762	5,938
Contributions to defined contribution retirement plan	578	580	625	306	335
Termination benefits	—	1,743	—	—	—
	<u>11,714</u>	<u>14,220</u>	<u>14,666</u>	<u>7,068</u>	<u>6,273</u>

Total remuneration is included in "staff costs" (see note 6(b)).



(c) Related parties transactions

In addition to those related party transactions disclosed elsewhere in this Accountants' Report, the Group entered into the following material related party transactions for the years ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2025:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Trade in nature					
Sales of tea leaves and other products					
– Guangxi Jiuyun Tea Industry Co., Ltd	11,468	9,804	8,596	5,138	3,297
– Shenzhen Yintai Tea Industry Co., Ltd	6,332	7,826	8,558	4,114	4,142
– Jiangxi Youyuan Industrial Co., Ltd.	4,269	5,032	3,769	2,371	1,575
– Shenzhen Futian District Guangfutang Tea Firm	4,964	4,767	3,542	1,670	–
– Shenzhen Yunxiang Tea Industry Co., Ltd	3,401	4,583	5,892	2,961	3,052
– Foshan Dacheng Tea Industry Co., Ltd	2,781	3,252	3,783	1,535	–
– Fujian Shouxi Furniture Co., Ltd.	380	328	21	21	–
– Guangzhou Xiangtai Tea Industry Co., Ltd	–	–	123	57	115
	<u>33,595</u>	<u>35,592</u>	<u>34,284</u>	<u>17,867</u>	<u>12,181</u>
Rental income					
– Fujian Anxi Yuanfang Tea Co., Ltd.	218	309	309	155	155
– Fujian Shouxi Furniture Co., Ltd.	380	334	–	–	–
	<u>598</u>	<u>643</u>	<u>309</u>	<u>155</u>	<u>155</u>
Payment of lease liabilities					
– Chen Xin	91	91	86	43	43
– Liu Chaolan	221	219	196	98	98
	<u>312</u>	<u>310</u>	<u>282</u>	<u>141</u>	<u>141</u>
Non-trade in nature					
Bank loan guaranteed by					
– Wang Wenli, Wang Wenbin and Wang Wenchao	–	60,000	–	–	–



(d) Balance with related parties

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group had the following balances with related parties:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade in nature				
Trade and other payables				
– Foshan Dacheng Tea Industry Co., Ltd	200	275	200	–
– Guangxi Jiuyun Tea Industry Co., Ltd.	662	834	583	544
– Jiangxi Youyuan Industrial Co., Ltd.	302	293	116	232
– Shenzhen Futian District Guangfutang Tea Firm	110	110	130	–
– Shenzhen Yintai Tea Industry Co., Ltd	230	290	343	350
– Shenzhen Yunxiang Tea Industry Co., Ltd	272	310	282	450
– Guangzhou Xiangtai Tea Industry Co., Ltd	–	–	80	80
	<u>1,776</u>	<u>2,112</u>	<u>1,734</u>	<u>1,656</u>
Contract liabilities				
– Fujian Shouxi Furniture Co., Ltd.	334	11	18	18
– Foshan Dacheng Tea Industry Co., Ltd	21	52	8	–
– Guangxi Jiuyun Tea Industry Co., Ltd.	219	593	139	254
– Jiangxi Youyuan Industrial Co., Ltd.	177	558	400	120
– Shenzhen Yunxiang Tea Industry Co., Ltd	664	641	313	70
– Shenzhen Futian District Guangfutang Tea Firm	39	53	2	–
– Shenzhen Yintai Tea Industry Co., Ltd	255	512	107	76
– Fujian Anxi Yuanfang Tea Co., Ltd	181	181	181	26
– Guangzhou Xiangtai Tea Industry Co., Ltd	–	–	61	1
	<u>1,890</u>	<u>2,601</u>	<u>1,229</u>	<u>565</u>
Lease liabilities				
– Chen Xin	67	383	309	271
– Liu Chaolan	108	282	96	–
	<u>175</u>	<u>665</u>	<u>405</u>	<u>271</u>
	<u>3,841</u>	<u>5,378</u>	<u>3,368</u>	<u>2,492</u>

(e) Leasing arrangement

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Group entered into several lease contracts in respect of certain leasehold properties from Liu Chaolan and Chen Xin for office and stores operations. The amount of rent payable (excluding taxes) by the Group under the leases ranges from RMB7,000 to RMB18,000 per month, which was determined with reference to amounts charged by Liu Chaolan and Chen Xin to third parties. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the relevant right-of-use assets amounted to RMB255,000, RMB737,000, RMB467,000 and RMB332,000, respectively.



29 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

As at the date of this report, the Directors consider the immediate parent and ultimate controlling parties of the Group to be Wang Wenli, Wang Wenbin, Chen Yajing, Wu Xiaoning, Wang Xiaoping and Wang Wenchao.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year beginning on 1 January 2025 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for the year beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

31 SUBSEQUENT EVENTS

There were no significant events after 30 June 2025 that require additional disclosures in or adjustments to the Historical Financial Information.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2025.