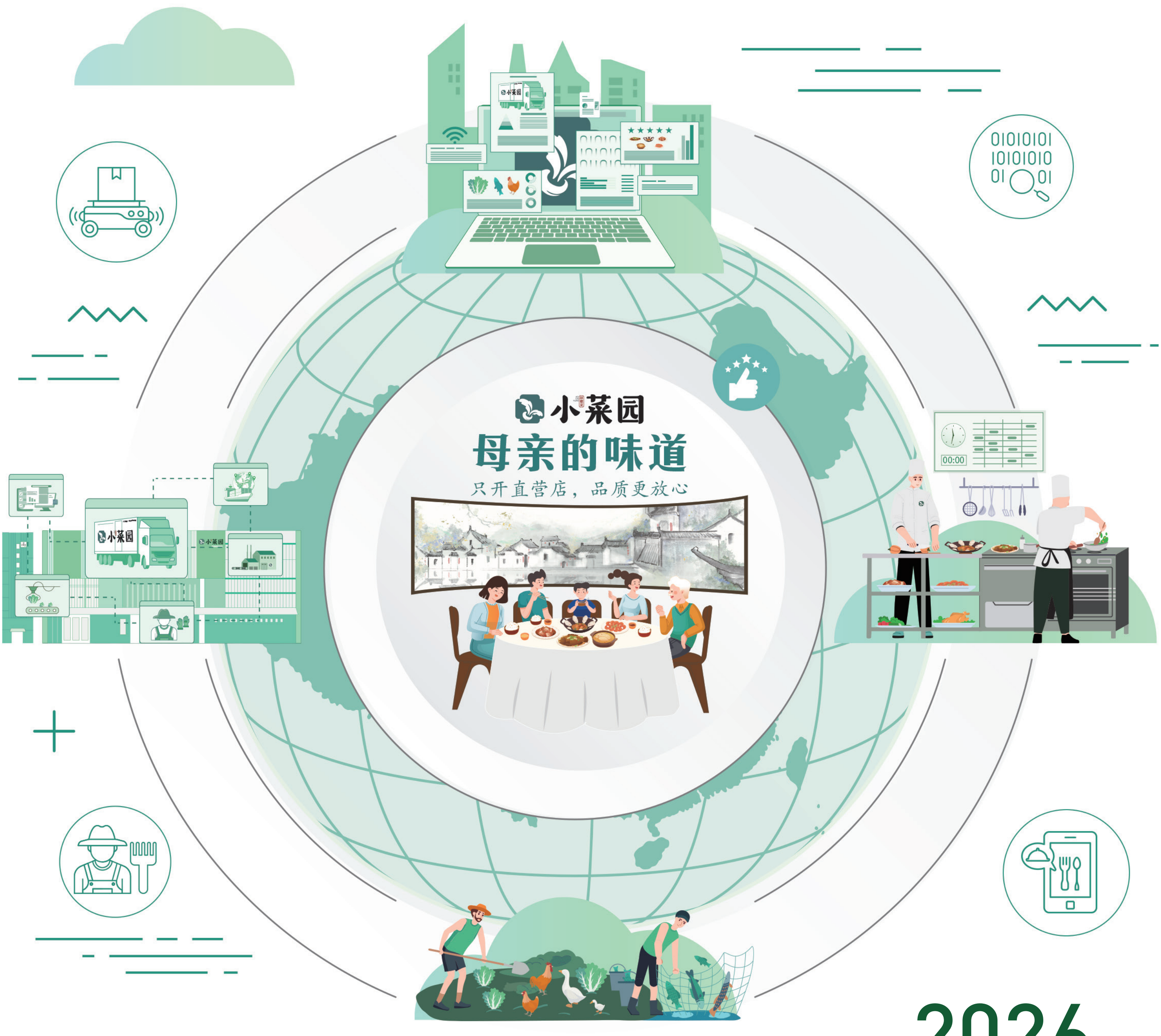
小菜园

小菜園國際控股有限公司
Xiaocaiyuan International Holding Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 0999



2026
INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Shugao *(Chairman and general manager)*
Mr. Tian Chunyong
Mr. Zhou Bin
Ms. Wang Weifang
Mr. Tao Xu'an

Non-executive Directors

Ms. Zhu Xuejing *(resigned upon the expiration of the term on March 7, 2026)*

Independent Non-executive Directors

Mr. Qian Mingxing
Mr. Zhu Nanjun
Mr. Zeng Xiaosong
Ms. Fang Xuan

JOINT COMPANY SECRETARIES

Ms. She Mingzhu
Ms. Au Wing Han *(ACG)*

AUTHORIZED REPRESENTATIVES

Mr. Wang Shugao
Ms. She Mingzhu

AUDIT COMMITTEE

Mr. Zhu Nanjun *(Chairman)*
Mr. Qian Mingxing
Ms. Fang Xuan

REMUNERATION COMMITTEE

Ms. Fang Xuan *(Chairlady)*
Mr. Wang Shugao
Mr. Zeng Xiaosong

NOMINATION COMMITTEE

Mr. Wang Shugao *(Chairman)*
Mr. Qian Mingxing
Mr. Zhu Nanjun
Ms. Fang Xuan

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ascentium (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 803, Building 2-B4 and B5
Big Dipper City, Tongguan District
Tongling, Anhui Province
PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1808, 18 Floor, Tai Yau Building
No. 181 Johnston Road, Wanchai
Hong Kong

PRINCIPAL BANKERS

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

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

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

LEGAL ADVISORS TO THE COMPANY

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

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

As to Cayman Islands law:
Harney Westwood & Riegels
3501, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

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

COMPANY'S WEBSITE

www.xiaocaiyuan.com

STOCK CODE

0999

FINANCIAL SUMMARY

Set out below is a summary of the Group's results for the six months ended June 30, 2026 and its assets and liabilities as at June 30, 2026:

RESULTS

	For the six months ended June 30,		
	2026	2025	Change
	(unaudited)	*(unaudited)*	*(%)*
	(RMB in thousands, except for percentages)		
Revenue	**2,902,600**	2,713,666	7.0
Profit before taxation	**390,477**	542,313	-28.0
Income tax	**(101,108)**	(159,916)	-36.8
Profit for the period	**289,369**	382,397	-24.3
Attributable to:			
Equity shareholders of the Company	**289,839**	382,397	-24.2
Total comprehensive income for the period	**262,710**	382,139	-31.3
Basic earnings per share (RMB)	**0.25**	0.33	-24.2
Diluted earnings per share (RMB)	**0.25**	0.33	-24.2

ASSETS AND LIABILITIES

	June 30, 2026	December 31, 2025	Change
	(unaudited)	*(audited)*	*(%)*
	(RMB in thousands, except for percentages)		
Total assets	**4,206,061**	3,797,723	10.8
Total liabilities	**1,798,457**	1,357,484	32.5
Net assets	**2,407,604**	2,440,239	-1.3

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In the first half of 2026, the overall operation of the Chinese economy maintained a stable momentum, with its gross domestic product recording a year-on-year increase of 4.7%. As 2026 marks the opening year of the 15th Five-Year Plan, the State has placed "comprehensively expanding domestic demand" at the forefront of its macroeconomic policies, and deeply advanced initiatives to enhance the quality in service consumption. In the first half of 2026, the total retail sales of consumer goods reached RMB24,872.2 billion, representing a year-on-year increase of 1.3%. Of this amount, catering revenue was approximately RMB2,825.5 billion, representing a year-on-year increase of 2.8%, with its growth rate continuously outpacing the retail sales of goods, further consolidating the foundational role of catering consumption.

Currently, the industry exhibits three major structural characteristics: the rationalization of consumption has driven the "value-for-money" to become the core demand; the chain operation rate has increased to 25%, but the market concentration of the mass Chinese cuisine market remains relatively low; and lower-tier markets have become a new engine of growth. The competitive paradigm of the industry has shifted from "competing on scale" to "competing on efficiency, supply chain, and standardization". The competitive advantages of leading enterprises equipped with full-chain capabilities and digitalized operation systems continue to expand.

As a leading brand in the mass Chinese cuisine market, the Group is well positioned to capitalize on prevailing industry trends: its store network has continuously expanded with a leading layout in lower-tier markets; the Ma'anshan central factory in Anhui Province, China officially commenced production in the first half of 2026; the proportion of raw materials and consumables used has been continuously optimized; and the new store model is continuously optimized. The Group will continue to adhere to its high-quality and high value-for-money positioning, leverage standardized operations and digital management as key drivers, steadily increase its market share, and grasp the long-term development opportunities of the industry.

Business Review

We are one of the renowned self-operated chain restaurants in China's mass Chinese cuisine market. Capitalizing on our deep comprehension of China's evolving catering industry, the anticipated modernization and industrialization in the industry, and the inherent consumer demand, we strategically ventured into the growing mass Chinese cuisine sector. Since our establishment in 2013, we have been striving to offer consumers homestyle flavor dishes and attentive services at affordable prices. We have established our *Xiaocaiyuan* restaurants as the "home kitchen" widely acknowledged by Chinese consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

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

	For the six months ended June 30,			
	2026		2025	
	RMB'000 (*unaudited*)	*%*	*RMB'000* (*unaudited*)	*%*
Restaurant operations	**1,944,713**	**67.0**	1,647,139	60.7
Delivery business	**945,275**	**32.6**	1,057,411	39.0
Others	**12,612**	**0.4**	9,116	0.3
Total	**2,902,600**	**100.0**	**2,713,666**	**100.0**

The Group's revenue increased by 7.0% from RMB2,713.7 million for the six months ended June 30, 2025 to RMB2,902.6 million for the six months ended June 30, 2026, primarily reflecting an increase of RMB297.6 million in our restaurant operations and a decrease of RMB112.1 million in our delivery business.

MANAGEMENT DISCUSSION AND ANALYSIS

Restaurant Operations

Revenue from our restaurant operations increased by 18.1% from RMB1,647.1 million for the six months ended June 30, 2025 to RMB1,944.7 million for the six months ended June 30, 2026, primarily due to the year-on-year increase in overall dine-in customer traffic and table turnover rate, driven by the continuous expansion of our restaurant network and the adjustment of our strategic focus towards restaurant operations. We had 824 *Xiaocaiyuan* restaurants in operation as at June 30, 2026 as compared to 672 *Xiaocaiyuan* restaurants as at June 30, 2025.

Delivery Business

Revenue from our delivery business decreased by 10.6% from RMB1,057.4 million for the six months ended June 30, 2025 to RMB945.3 million for the six months ended June 30, 2026, primarily due to the adjustment of our strategic focus towards the dine-in business and an increased dedication to providing high-quality delivery, resulting in a decrease in the number of our delivery orders of our *Xiaocaiyuan* restaurants from 16.8 million for the six months ended June 30, 2025 to 14.7 million for the six months ended June 30, 2026.

Key Performance Indicators

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

	For the six months ended June 30,					
	2026			2025		
		Total revenue			*Total revenue*	
	Number of restaurants	*(RMB'000)*	*%*	*Number of restaurants*	*(RMB'000)*	*%*
First-tier cities	**142**	**521,914.9**	**18.3**	109	480,298.6	17.8
New first-tier cities	**225**	**809,168.7**	**28.3**	192	793,823.7	29.5
Second-tier cities	**106**	**369,124.9**	**12.9**	80	330,310.9	12.3
Third-tier cities and below (including county-level cities and counties)	**351**	**1,156,687.2**	**40.5**	291	1,086,906.3	40.4
Total	**824**	**2,856,895.7**	**100.0**	**672**	**2,691,339.5**	**100.0**

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended June 30,	
	2026	**2025**
Average spending per dine-in customer[1] (RMB)		
First-tier cities	51.7	58.5
New first-tier cities	50.8	56.8
Second-tier cities	51.1	57.9
Third-tier cities and below (including county-level cities and counties)	49.7	56.5
Total	**50.5**	**57.1**
Table turnover rate[2] (times/day)		
First-tier cities	3.5	3.1
New first-tier cities	3.5	3.1
Second-tier cities	4.0	3.4
Third-tier cities and below (including county-level cities and counties)	3.4	3.0
Overall	**3.5**	**3.1**

Notes:

(1) Average spending per dine-in customer is calculated by dividing the revenue generated from restaurant operations by total number of dine-in customers served for the period in the same tier cities.

(2) Table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers by the product of total restaurant operation days and average table count of *Xiaocaiyuan* restaurants for the period in the same tier cities.

Our overall table turnover rate for the six months ended June 30, 2026 was 3.5, representing an increase of 12.9% as compared with the overall table turnover rate for the six months ended June 30, 2025, mainly due to our proactive adjustment of business strategies to shift our business focus towards dine-in services and the adoption of a price-for-volume strategy, which effectively drove a year-on-year increase in dine-in customer traffic across cities of all tiers, and in turn led to an increase in the overall table turnover rate as compared to the corresponding period of the previous year.

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

	For the six months ended June 30,	
	2026	2025
Number of same stores [1]		
First-tier cities	101	
New first-tier cities	171	
Second-tier cities	73	
Third-tier cities and below (including county-level cities and counties)	272	
Total	**617**	
Same store sales[2](RMB'000)		
First-tier cities	378,817.5	456,928.8
New first-tier cities	635,701.2	720,231.4
Second-tier cities	278,964.1	312,416.0
Third-tier cities and below (including county-level cities and counties)	918,016.4	1,039,152.2
Total	**2,211,499.2**	**2,528,728.4**
Average same store sales per day[3] (RMB)		
First-tier cities	20,799.3	25,055.0
New first-tier cities	20,550.9	23,288.9
Second-tier cities	21,128.8	23,644.6
Third-tier cities and below (including county-level cities and counties)	18,659.6	21,131.7
Overall	**19,825.7**	**22,668.8**
Same store table turnover rate[4](times/day)		
First-tier cities	3.1	3.1
New first-tier cities	3.4	3.1
Second-tier cities	3.7	3.5
Third-tier cities and below (including county-level cities and counties)	3.2	3.0
Overall	**3.3**	**3.1**

Notes:

(1) For the purpose of calculating same store performance between two periods, we define same stores as those *Xiaocaiyuan* restaurants that were open for at least 150 days for both the six months ended June 30, 2025 and the six months ended June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Same store sales refer to the aggregate restaurant revenue from our same stores, including revenue generated from restaurant operations and delivery business.

(3) Average same store sales per day are calculated by dividing the aggregate restaurant revenue of our same stores, including revenue generated from restaurant operations and delivery business, by the total restaurant operation days of our same stores for the period in the same tier cities.

(4) Same store table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers at our same stores by the product of total restaurant operation days and average table count of our same stores for the period in the same tier cities.

Our same store sales decreased by 12.5% from RMB2,528.7 million for the six months ended June 30, 2025 to RMB2,211.5 million for the six months ended June 30, 2026, primarily due to the Group proactively passing on benefits to consumers during the Reporting Period to further unleash its value-for-money advantage, while continuing to focus on upgrading the quality of delivery business and optimizing the business structure.

Other Revenue

Our other revenue increased by 24.4% from RMB15.2 million for the six months ended June 30, 2025 to RMB18.9 million for the six months ended June 30, 2026, primarily due to an increase in government grants.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 17.0% from RMB801.7 million for the six months ended June 30, 2025 to RMB937.9 million for the six months ended June 30, 2026, mainly due to our continuous expansion of the restaurant network and the shift of our strategic focus towards the dine-in business, which drove a year-on-year increase in overall dine-in customer traffic and table turnover rate, and a corresponding growth in the volume of meals served at our stores, thereby causing an increase in the usage of raw materials and consumables. Our raw materials and consumables used as a percentage of our revenue increased from 29.5% for the six months ended June 30, 2025 to 32.3% for the six months ended June 30, 2026, primarily due to our dine-in price adjustment at the end of 2025 coupled with the launch of our 88VIP membership system, proactively passing on benefits to consumers to further unleash value for money, while raw material costs grew synchronously with the actual volume of meals served.

Staff Costs

Our staff costs increased by 24.1% from RMB666.4 million for the six months ended June 30, 2025 to RMB826.7 million for the six months ended June 30, 2026, primarily due to an increase in headcount driven by the expansion of our restaurant network, and a year-on-year increase in dine-in customer traffic and table turnover rate, for which we strengthened manpower allocation to ensure service quality. Our staff costs as a percentage of revenue increased from 24.6% for the six months ended June 30, 2025 to 28.5% for the six months ended June 30, 2026, primarily because we provided more competitive remuneration packages and benefits to motivate our employees during the Reporting Period, and proactively passed on benefits to consumers to further enhance value for money.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 8.3% from RMB128.7 million for the six months ended June 30, 2025 to RMB139.4 million for the six months ended June 30, 2026, primarily due to the expansion of our restaurant network. Our depreciation of right-of-use assets as a percentage of our revenue remained relatively stable at 4.7% for the six months ended June 30, 2025 and 4.8% for the six months ended June 30, 2026.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets increased by 18.4% from RMB89.8 million for the six months ended June 30, 2025 to RMB106.4 million for the six months ended June 30, 2026, primarily due to the increase in the number of restaurants in operation. Our depreciation and amortization of other assets as a percentage of our revenue remained relatively stable at 3.3% for the six months ended June 30, 2025 and 3.7% for the six months ended June 30, 2026.

Other Rentals and Related Expenses

Our other rentals and related expenses decreased by 7.5% from RMB48.1 million for the six months ended June 30, 2025 to RMB44.5 million for the six months ended June 30, 2026, primarily due to the decrease in turnover rent in line with the decline in restaurant sales.

Utility Expenses

Our utility expenses increased by 20.5% from RMB83.4 million for the six months ended June 30, 2025 to RMB100.5 million for the six months ended June 30, 2026, primarily due to the increase in dine-in customer traffic and table turnover rate, resulting in a corresponding increase in consumption during restaurant operations.

Advertising and Promotion Expenses

Our advertising and promotion expenses decreased by 19.8% from RMB53.3 million for the six months ended June 30, 2025 to RMB42.8 million for the six months ended June 30, 2026, primarily due to the decrease in expenses incurred from the participation in promotional activities on food delivery platforms and the investment in offline marketing activities during the Reporting Period as compared to the corresponding period of the previous year.

Delivery Service Expenses

Our delivery service expenses decreased by 8.5% from RMB181.9 million for the six months ended June 30, 2025 to RMB166.5 million for the six months ended June 30, 2026, which was in line with the downward trend of revenue generated from our delivery business. Our delivery service expenses as a percentage of our revenue decreased from 6.7% for the six months ended June 30, 2025 to 5.7% for the six months ended June 30, 2026, which was due to the decline in our delivery business.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Expenses

Our other expenses increased by 28.2% from RMB115.8 million for the six months ended June 30, 2025 to RMB148.4 million for the six months ended June 30, 2026, primarily due to the increase in the number of restaurants in operation, resulting in the corresponding increases in supply chain distribution-related expenses, restaurant property management fees and the Group's investments in digitalization.

Other Net Income

We recorded other net income of RMB2.8 million for the six months ended June 30, 2025 and recorded other net income of RMB5.5 million for the six months ended June 30, 2026, which was primarily due to the impact of foreign exchange gains or losses.

Finance Costs

Our finance costs increased by 15.6% from RMB20.2 million for the six months ended June 30, 2025 to RMB23.3 million for the six months ended June 30, 2026, primarily due to the increase in interest on bank borrowings.

Income Tax

Our income tax decreased by 36.8% from RMB159.9 million for the six months ended June 30, 2025 to RMB101.1 million for the six months ended June 30, 2026, primarily due to the decrease in profit before taxation.

Profit for the Period

As a result of the cumulative effect of the above factors, our profit for the period decreased by 24.3%, amounting to RMB289.4 million for the six months ended June 30, 2026 as compared to RMB382.4 million for the six months ended June 30, 2025.

Non-IFRS Measures

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

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

Adjusted EBITDA (non-IFRS measure)

We define adjusted EBITDA (non-IFRS measure) as net profit for the period adjusted by adding the following: (i) income tax, (ii) net finance costs, and (iii) depreciation and amortization of other assets.

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

	For the six months ended June 30,	
	2026	2025
	(RMB'000) *(unaudited)*	*(RMB'000)* *(unaudited)*
Reconciliation of net profit to adjusted EBITDA (non-IFRS measure)		
Net profit	**289,369**	**382,397**
Add:		
Income tax	101,108	159,916
Net finance costs	17,936	14,823
Depreciation and amortization of other assets	106,382	89,830
Adjusted EBITDA (non-IFRS measure)	**514,795**	**646,966**

Right-of-use Assets

Our right-of-use assets consisted of the leases for our restaurants. Our right-of-use assets decreased by 9.3% from RMB821.9 million as of December 31, 2025 to RMB745.0 million as of June 30, 2026, mainly attributed to the depreciation of right-of-use assets.

Inventories

Our inventories primarily consisted of food ingredients, condiment products, beverage and others. Our inventories decreased from RMB111.1 million as of December 31, 2025 to RMB93.3 million as of June 30, 2026, primarily due to the fact that our better supply chain management efficiency led to further optimization of the inventory level.

MANAGEMENT DISCUSSION AND ANALYSIS

Our inventory turnover days (being the average of opening balance and closing balance of inventory for the period divided by raw materials and consumables used for the period and then multiplied by the number of days for such period) decreased from 25.4 days for the year ended December 31, 2025 to 19.7 days for the six months ended June 30, 2026, primarily due to our enhanced inventory management capabilities.

Trade and Other Receivables

The majority of our trade and other receivables were primarily in connection with (i) bills settled through third-party payment platforms such as Alipay or WeChat Pay, (ii) bills for our delivery business settled through online food delivery platforms, and (iii) prepayments paid to suppliers. Our trade and other receivables decreased from RMB272.2 million as of December 31, 2025 to RMB269.5 million as of June 30, 2026, primarily due to the improvement in the efficiency of our supply chain management, which has further optimized the prepayments made by us under this account.

Our trade receivables turnover days (being the average of opening balance and closing balance of trade receivables for the period divided by revenue and then multiplied by the number of days for such period) remained relatively stable at 2.2 days for the year ended December 31, 2025 and 2.1 days for the six months ended June 30, 2026, respectively.

Trade and Other Payables

The majority of our trade and other payables were primarily in connection with (i) employee remuneration payables; (ii) payables to suppliers for raw materials and consumables; and (iii) payables of utility expenses.

Our trade and other payables increased from RMB241.8 million as of December 31, 2025 to RMB291.1 million as of June 30, 2026, primarily due to the increase in the number of our employees.

Our trade payables turnover days (being the average of opening balance and closing balance of trade payables for the period divided by raw materials and consumables used for the relevant period and then multiplied by the number of days for such period) remained relatively stable at 12.8 days for the year ended December 31, 2025 and 13.8 days for the six months ended June 30, 2026, respectively.

Liquidity and Capital Resources

For the six months ended June 30, 2026, we had funded our cash requirements principally through debt financing and cash generated from operations. We had cash and cash equivalents of RMB253.7 million as of June 30, 2026 as compared to RMB297.8 million as of December 31, 2025. We had net cash generated from operating activities of RMB638.6 million for the six months ended June 30, 2026 as compared to RMB764.8 million for the six months ended June 30, 2025.

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

Bank Loans and Other Borrowings

As at June 30, 2026, our bank loans amounted to RMB560.0 million, which were primarily used for corporate operations and capital arrangements. All of the borrowings are repayable within one year. The Group did not implement any interest rate hedging policy.

Pledged Assets

As at June 30, 2026, the Group did not pledge any of its assets.

Contingent Liabilities

As at June 30, 2026, the Group did not have any contingent liabilities.

Gearing Ratio

Our gearing ratio (calculated as bank loans and other borrowings divided by total equity and multiplied by 100%) was 23.3% as at June 30, 2026 as compared to 4.1% as at December 31, 2025, primarily due to the increase in bank borrowings.

Foreign Exchange Risk and Hedging

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

Employee and Remuneration Policy

As at June 30, 2026, the Group had a total of 15,909 employees (December 31, 2025: 13,540), most of whom were based in Tongling, Anhui Province, China. For the six months ended June 30, 2026, the Group's total staff costs (including salaries, wages, allowances and benefits) amounted to RMB826.7 million.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Material Investments and Future Plans for Capital Asset Investments

As of June 30, 2026, the Group had no material investments (including any investments in investee companies whose value accounted for 5% or more of the Group's total assets as of June 30, 2026) with a value representing 5% or more of the Group's total asset value as of June 30, 2026.

As at June 30, 2026, save as disclosed in this report and the expansion plan set out in "Future Plans and Use of Proceeds" of the Prospectus, the Group did not have definite plans for material investments and capital assets.

Future Outlook

At present, the catering industry continues to diverge amid its recovery, with rationalized consumption and a "value-for-money" orientation becoming increasingly prominent. The trends towards chain operations and heightened market concentration within the industry are well-defined, with digitalized operations and supply chain efficiency having emerged as core competitive factors. In line with such prevailing development trends, we will continue to deepen our presence in the mass Chinese cuisine sector. Leveraging our modern scientific management system and market acumen, we will precisely harness the structural opportunities, continuously consolidate and expand our leading position in the Chinese domestic market, and establish an irreplicable competitive advantage and a solid industry moat.

MANAGEMENT DISCUSSION AND ANALYSIS

At the operational level, in light of the elevated demands for product quality and dining experience from customers, we will uphold our core values of "Gratitude, Responsibility, Growth and Win-Win", continuously enhance the quality of our products and environment, optimize our service capabilities, create exceptional dining experiences for our customers, and create richer emotional value, thereby earning the long-term trust of customers through a solid reputation.

In terms of digitalization and the supply chain, we will continue to advance the upgrade path of "digitalized operations and intelligent decision-making". We will consolidate our technology architecture centered on a data middle-platform, and integrate the closed data loop encompassing front-end operations, mid-level supply chain management and back-end functional support. Concurrently, leveraging the intelligent hardware upgrade of the supply chain as a focal point, we will provide robust support for refined management and efficient collaboration across the entire value chain, continuously improving our operational efficiency and cost control capabilities.

Regarding our store network and brand layout, we will adhere to strategic expansion through consolidating our presence in advantaged regions to achieve a broader market coverage and deeper regional penetration. Furthermore, we will actively promote the cultivation and development of a multi-brand matrix to cater to the needs of increasingly diversified consumption scenarios, thereby creating a new growth curve.

In the long term, our objective is to develop into a world-class international chain catering group equipped with a modern scientific management system and a global perspective, thereby contributing to society, Shareholders, and each of our partners through sustainable, high-quality growth.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDENDS

The Board has resolved to declare an interim dividend of RMB0.2139 per Share for the six months ended June 30, 2026, totalling RMB250 million. The HK$ equivalent amount of the interim dividend is HK$0.2472 per Share, and the relevant exchange rate of RMB against HK$ (being RMB1 to HK$1.155829) is calculated in accordance with the average central parity rate as announced by the People's Bank of China on the business day preceding the Board meeting at which the interim dividend was considered (i.e. August 13, 2026). The interim dividends is scheduled to be paid on September 15, 2026.

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

During the six months ended June 30, 2026, the Company repurchased 7,892,800 Shares on the Hong Kong Stock Exchange at a total consideration of approximately HK$54.32 million (before deducting expenses) and held them as treasury shares (having the meaning ascribed to it under the Listing Rules). The Company considers that the Share repurchases reflect its unswerving confidence in the future development prospects and full recognition of the long-term investment value of the Company, and are in the best interests of the Company and the Shareholders as a whole. Details of the repurchases are as follows:

	Number of Shares repurchased	Repurchase price for each Share		Aggregate consideration paid
		Highest HK$	*Lowest HK$*	*HK$ million*
May 2026	2,343,200	7.13	6.62	16.33
June 2026	5,549,600	7.31	6.41	37.99
Total	**7,892,800**			**54.32**

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the six months ended June 30, 2026. As at June 30, 2026, the Company held 7,892,800 treasury shares. The Company intends to use such treasury shares for sale or transfer, or for share grants under share schemes in compliance with Chapter 17 of the Listing Rules, as well as for other purposes permitted by the Listing Rules, the Articles of Association of the Company and the Companies Ordinance, subject to market conditions and the capital management needs of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhu Xuejing ceased to serve as a non-executive Director of the Company with effect from March 7, 2026 upon expiration of her term of office.

CHANGE IN INFORMATION ABOUT THE DIRECTORS AND CHIEF EXECUTIVE OFFICER

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2026, the interests and/or short positions (including interests and/or short positions which he/she is taken or deemed to have under such provisions of the SFO) of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or interests and/or short positions which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in the Shares of the Company

Name of Director or chief executive	Nature of interest	Number of Shares interested[1]	Approximate percentage of interest in the Company[2]
Mr. Wang Shugao[3,4]	Interest in controlled corporation	1,000,000,000	85.00%
	Others	7,892,800	0.67%
Mr. Tian Chunyong[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Mr. Zhou Bin[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Ms. Wang Weifang[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Mr. Tao Xu'an[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 1,176,518,800 Shares (including 7,892,800 Shares held as treasury shares) of the Company in issue as at June 30, 2026.

3. Mr. Wang Shugao is the sole director of each of the BVI Entities and therefore entitled to control the voting power of each of the BVI Entities. In light of the above, Mr. Wang Shugao is deemed to be interested in 85.00% of the Shares of the Company, including the equity interests held by XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited.

CORPORATE GOVERNANCE AND OTHER INFORMATION

4. Mr. Wang Shugao, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang, Mr. Chen Haiyan, Mr. Wang Enpeng and Mr. Tian Jiawen held 29.50%, 7.96%, 10.91%, 10.91%, 9.44%, 9.44%, 7.96%, 7.96%, 2.95% and 2.95% of the equity interests in XCY Yongqing Limited, respectively. Since the incorporation of the Company in 2021, Mr. Wang Shugao and the Other Individual Shareholders have been acting in concert by aligning their votes of XCY Yongqing Limited. On October 10, 2023, Mr. Wang Shugao entered into the acting in concert agreement with the Other Individual Shareholders, pursuant to which they confirmed that they have been acting in concert since the incorporation of the Company in 2021 and will continue to act in concert by aligning their votes of XCY Yongqing Limited, and that the Other Individual Shareholders will follow Mr. Wang Shugao's decisions in relation to the exercise of the voting rights by XCY Yongqing Limited. On November 19, 2025, Mr. Wang Shugao and Mr. Tian Chunyong respectively transferred their equity interests in 1,329.8 shares of XCY Yongqing Limited to Mr. Wang Enpeng and Mr. Tian Jiawen. On the same day, Mr. Wang Enpeng and Mr. Tian Jiawen each signed an undertaking letter confirming their commitment to comply with the acting in concert agreement entered into on October 10, 2023, by Mr. Wang Shugao and the Other Individual Shareholders. In light of the above, each of the Other Individual Shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen is deemed to be jointly interested in the Shares held by XCY Yongqing Limited in the Company under the SFO. In addition, as each of the above indirectly controls one-third or more of the voting rights at general meetings of the Company, they are deemed to be interested in 7,892,800 treasury shares of the Company under the SFO.

Save as set out above, as at June 30, 2026, the Directors were not aware of any Director or chief executive of the Company who had any interests and/or short positions (including interests and/or short positions which he/she was taken or deemed to have under such provisions of the SFO) in the Shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2026, to the best knowledge of the Company and Directors, the following persons (other than our Directors or chief executive) had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of interests in the Company[2]
XCY Yongqing Limited[3, 4, 5]	Beneficial owner	387,427,994	32.93%
	Interests held jointly with other person	42,286,006	3.59%
	Others	7,892,800	0.67%
XCY Xuyuan Limited[3]	Beneficial owner	275,429,000	23.41%
XCY Zhiyuan Limited[3]	Beneficial owner	69,714,000	5.93%
XCY Huiming Limited[3]	Beneficial owner	56,000,000	4.76%
XCY Weiyuan Limited[3]	Beneficial owner	26,857,000	2.28%
XCY Liyuan Limited[3]	Beneficial owner	20,571,000	1.75%
XCY Future Limited[3]	Beneficial owner	121,715,000	10.35%
Mr. Li Daoqing[4, 5]	Interests held jointly with other person	387,427,994	32.93%
	Interest of controlled corporation	42,286,006	3.59%
	Others	7,892,800	0.67%
Mr. Ye Hongli[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Mr. Fang Zhiguo[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Mr. Chen Haiyan[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Mr. Wang Enpeng[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Mr. Tian Jiawen[4]	Interests held jointly with other person	429,714,000	36.52%
	Others	7,892,800	0.67%
Lighthouse Light Investments Limited[5]	Beneficial owner	42,286,006	3.59%
	Interests held jointly with other person	387,427,994	32.93%
	Others	7,892,800	0.67%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 1,176,518,800 Shares (including 7,892,800 Shares held as treasury shares) of the Company in issue as at June 30, 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

3. Mr. Wang Shugao is the sole director of each of the BVI Entities and therefore entitled to control the voting power of each of the BVI Entities. In light of the above, Mr. Wang Shugao is deemed to be interested in 85.00% of the shares of the Company, including the equity interests held by XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited.

4. Mr. Wang Shugao, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang, Mr. Chen Haiyan, Mr. Wang Enpeng and Mr. Tian Jiawen held 29.50%, 7.96%, 10.91%, 10.91%, 9.44%, 9.44%, 7.96%, 7.96%, 2.95% and 2.95% of the equity interests in XCY Yongqing Limited, respectively. Since the incorporation of the Company in 2021, Mr. Wang Shugao and the Other Individual Shareholders have been acting in concert by aligning their votes of XCY Yongqing Limited. On October 10, 2023, Mr. Wang Shugao entered into the acting in concert agreement with the Other Individual Shareholders, pursuant to which they confirmed that they have been acting in concert since the incorporation of the Company in 2021 and will continue to act in concert by aligning their votes of XCY Yongqing Limited, and that the Other Individual Shareholders will follow Mr. Wang Shugao's decisions in relation to the exercise of the voting rights by XCY Yongqing Limited. On November 19, 2025, Mr. Wang Shugao and Mr. Tian Chunyong respectively transferred their equity interests in 1,329.8 shares of XCY Yongqing Limited to Mr. Wang Enpeng and Mr. Tian Jiawen. On the same day, Mr. Wang Enpeng and Mr. Tian Jiawen each signed an undertaking letter confirming their commitment to comply with the acting in concert agreement entered into on October 10, 2023, by Mr. Wang Shugao and the Other Individual Shareholders. In light of the above, each of the Other Individual Shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen also constitute controlling shareholders of the Company. Under the SFO, each of the Other Individual Shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen is deemed to be jointly interested in the shares held by XCY Yongqing Limited in the Company. In addition, as each of the above indirectly controls one-third or more of the voting rights at general meetings of the Company, they are deemed to be interested in 7,892,800 treasury shares of the Company under the SFO.

5. Lighthouse Light Investments Limited is held as to 100% by Mr. Li Daoqing. On December 30, 2025, Lighthouse Light Investments Limited entered into a supplemental agreement in relation to acting in concert to align its voting with XCY Yongqing Limited, which is equivalent to aligning its voting with that of Mr. Wang Shugao, the Other Individual Shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen at XCY Yongqing Limited. In addition, as Lighthouse Light Investments Limited directly and indirectly controls one-third or more of the voting rights at the general meetings of the Company, it is deemed to be interested in 7,892,800 treasury shares of the Company under the SFO.

Save as disclosed above, as at June 30, 2026, the Directors were not aware of any other person who had any interest and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

Purpose	% of use of proceeds	Net proceeds	Balance of unutilized proceeds as at December 31, 2025	Proceeds utilized during the six months ended June 30, 2026	Balance of unutilized proceeds as at June 30, 2026	Expected timetable for the full utilization of unutilized proceeds
		(HKD in millions)	*(HKD in millions)*	*(HKD in millions)*	*(HKD in millions)*	
Expansion of our restaurant network to broaden our geographical coverage and deepen our market penetration	40.0%	317.9	63.4	5.4	58.1	December 31, 2026
Strengthen our supply chain capabilities	37.0%	294.1	75.6	15.9	59.8	December 31, 2026
Promote our information technology capabilities through upgrading our smart devices and digital systems	13.0%	103.3	57.5	6.3	51.2	December 31, 2026
Working capital and general corporate purposes	10.0%	79.5	49.3	11.5	37.8	December 31, 2026
Total	100.0%	794.8	245.8	39.0	206.8	

Note: Amounts have been rounded to the nearest one decimal place. Any discrepancies between the total shown and the sum of the amounts listed in the table are due to rounding.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

PUBLIC FLOAT

For the purpose of its listing, the Company has been granted a waiver by the Stock Exchange from strict compliance with the requirements of Rule 8.08(1) of the Listing Rules to reduce the minimum public float of the Company to the higher of: (a) 15.00%; or (b) the percentage of Shares to be held by the public immediately after completion of the Global Offering. Immediately following the completion of the Global Offering, 176,518,800 Shares of the Company (representing approximately 15.00% of the total number of issued Shares of the Company) were held by the public. Accordingly, the initial prescribed threshold applicable to the Company is approximately 15.00% of the total number of issued Shares of the Company (excluding treasury shares, if any).

Pursuant to Rule 13.32B of the Listing Rules and the announcement of the Company dated May 26, 2026, with effect from May 26, 2026, the Company has adopted the alternative threshold for the minimum prescribed public float, which refers to the requirement that, at all times, the portion of the Company's class of Shares listed on the Stock Exchange held by the public must: (a) have a market capitalisation of at least HKD1 billion; and (b) represent at least 10% of the issuer's total number of issued Shares (excluding treasury shares) of that class.

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that, the Company has continuously maintained the public float threshold applicable to the Company under the Listing Rules during the six months ended June 30, 2026 and up to the Latest Practicable Date.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Group did not experience any significant event from June 30, 2026 up to the Latest Practicable Date.

SHAREHOLDING PLAN

In order to provide incentives and rewards to the employees of the Group, in December 2020, Xiaocaiyuan Holdings adopted the 2020 Shareholding Incentive Plan, pursuant to which certain employees were granted interests of Xiaocaiyuan Holdings through several shareholding platforms, namely, Tongling Xuyuan Enterprise Management Partnership (Limited Partnership) ("**Tongling Xuyuan**"), Tongling Huiming Enterprise Management Partnership (Limited Partnership) ("**Tongling Huiming**"), Tongling Weiyuan Enterprise Management Partnership (Limited Partnership) ("**Tongling Weiyuan**"), Tongling Zhiyuan Enterprise Management Partnership (Limited Partnership) ("**Tongling Zhiyuan**") and Tongling Liyuan Enterprise Management Partnership (Limited Partnership) ("**Tongling Liyuan**", together with Tongling Xuyuan, Tongling Huiming, Tongling Weiyuan, Tongling Zhiyuan, the "**PRC Shareholding Platforms**"), holding 31.20%, 5.49%, 2.69%, 7.14% and 2.06% of the shares of Xiaocaiyuan Holdings, respectively and accounting for approximately 48.58% of the share capital of Xiaocaiyuan Holdings in total. Mr. Wang and other 130 employees of the Group were granted partnership interest in the PRC Shareholding Platforms. Tongling Yongqing and each of the PRC Shareholding Platforms are controlled by Mr. Wang. As the 2020 Shareholding Incentive Plan has been completed and terminated prior to the Listing Date and does not involve the grant of new shares or rewards by the Company after the Listing, the terms of the Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

For details of such scheme, please refer to the Prospectus.

SHARE INCENTIVE SCHEME

To enable the Company to grant share incentives as part of its incentives and rewards to participants for the growth and development of the Group, after deliberation by the Board and the Remuneration Committee, the Company adopted a Share Incentive Scheme on November 20, 2025 which does not constitute a share scheme involving the issuance of new shares as set out in Chapter 17 of the Listing Rules. The major terms of the Share Incentive Scheme are set out as below:

Purpose and Objectives

The Company has formulated the Scheme to further complete the corporate governance structure, improve a medium and long-term incentive mechanism integrated with incentives and restraints, and fully motivate the management and technical and business core staff.

Administration

The Board authorizes the Scheme Administrator to administer based on the Share Incentive Scheme and the Trust Deed. The decision of the Board or the Scheme Administrator with respect to any matter arising under the Share Incentive Scheme (including the interpretation of any provision) shall be final and binding on the parties.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Types of Incentive Shares

The incentive shares under the Scheme are mainly in the form of Options and RSUs. The Scheme Administrator may decide to grant incentive shares in other forms based on the specific circumstances of the Company.

Validity Period

According to the rules of the Scheme (the "**Scheme Rules**"), unless the Board may determine any early termination, the Scheme shall be valid and effective for a term of ten (10) years commencing on its adoption date (the "**Adoption Date**"), after which no further options or restricted share units shall be granted. As of the date of this report, the remaining validity period is 9 years and 3 months.

Source of the Incentive Shares

The source of shares under the Scheme will be satisfied by: Mr. Wang (an executive director, the chairman of the Board and the general manager of the Company, and one of the controlling shareholders) will donate or transfer the economic interests of certain Shares held by him through the shareholding platforms of XCY Future Limited, XCY Yongqing Limited, XCY Xuyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Zhiyuan Limited and XCY Liyuan Limited as the source of shares for the Share Incentive Scheme.

Eligible Participants

Pursuant to the Scheme Rules, all forms of incentives may be granted to co-founders, directors, senior management, employees, external advisors and business partners of the Company and any member of the Group, service providers of the Company and any member of the Group, and staff who have a significant impact on the operating performance and future development of the Company as determined by the Scheme Administrator. For the avoidance of doubt, service providers shall exclude placing agents or financial advisors offering consulting services for fund-raising, mergers or acquisitions, or professional service providers, including auditors or valuers, who provide assurance services or are required to perform services with impartiality and objectivity. The Scheme Rules do not set an upper limit on the number of interests that can be granted to each eligible participant.

Options

(1) Grant

(A) Grant date. The date on which the Company grants the Options to the Eligible Participants, as specified in the share incentive grant agreement.

(B) Grant conditions. The Scheme Administrator may establish different grant conditions for the Eligible Participants across different batches, which may be specified in the Incentive Shares Grant Agreement.

(2) Vesting

(A) Vesting arrangements. The Options granted under the Scheme may be vested in one go or by batches, and the specific vesting period arrangements shall be subject to the share incentive grant agreement.

(B) Vesting conditions. The Company may set certain vesting conditions for the Eligible Participants based on their years of service and performance appraisal, which may be specified in the share incentive grant agreement. The Scheme Administrator may also set other vesting conditions based on the specific circumstances of the Company.

(3) Exercise

(A) Exercisable Date. The specific exercise time shall be uniformly arranged by the Scheme Administrator based on the Company's shareholding situation, and shall be subject to the Options Grant Agreement, Trust Deed and the arrangements of the Scheme Administrator.

(B) Exercise Price. The exercise price of the Options under the Scheme shall be subject to the agreement in the Options Grant Agreement signed between the Scheme Administrator and the Eligible Participants.

RSUs

(1) Grant

(A) Grant date. The date on which the Company grants the RSUs to the Eligible Participants, as specified in the share incentive grant agreement.

(B) Grant conditions. The Scheme Administrator may establish different grant conditions for the Eligible Participants across different batches, which may be specified in the Incentive Shares Grant Agreement.

(C) Grant Price. The Grant Price of the RSUs under the Scheme shall be subject to the agreement in relation to the RSUs Grant Agreement entered into between the Company and the Eligible Participants.

(2) Vesting

(A) Vesting arrangements. The RSUs granted under the Scheme may be vested in one go or by batches, and the specific vesting period arrangements shall be subject to the share incentive grant agreement.

(B) Vesting conditions. The Company may set certain vesting conditions for the Eligible Participants based on their years of service and performance appraisal, which may be specified in the share incentive grant agreement. The Scheme Administrator may also set other vesting conditions based on the specific circumstances of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Reduction Undertakings

In view of the voluntary lock-up undertakings by shareholders in the prospectus of the Company, the Shares granted under the Scheme (regardless of whether the Eligible Participants remain in an employment or service provider relationship with the Company) shall at a minimum comply with the following reduction undertakings:

1. The Eligible Participants will not sell any Shares of the Company directly or indirectly held by them within 18 months from the Listing Date;

2. Upon the expiration of the 18-month period after the Listing Date, the Eligible Participants may, directly or indirectly, in total decrease their granted Shares to the extent no more than 45%, subject to the condition that during the period of 18 months to 30 months, 30 months to 42 months, 42 months to 54 months, 54 months to 66 months from the Listing Date and upon the expiration of the 66-month period after the Listing Date, they shall decrease their granted Shares in the Company, directly or indirectly, to the extent no more than 27%, 4.5%, 4.5%, 4.5% and 4.5% at each respective period.

On the basis of satisfying the aforementioned undertakings regarding reduction of holdings, the Scheme Administrator may stipulate other relevant rules for reduction of holdings in the share incentive grant agreement and Trust Deed signed with the Eligible Participants.

Cancellation of Share Incentives

Unless the Scheme Administrator determines otherwise, the Share Incentives of an Eligible Participant shall be deemed canceled upon the occurrence of the following events. And, the canceled Share Incentives will be returned to the trustee, and such Share Incentives will be regarded as utilized and will not be used for the purpose of granting shares under the scheme thereafter:

(1) Options and/or RSUs not yet granted after the expiry of the scheme period of the Scheme;

(2) Upon early termination of the Scheme, Options and/or RSUs granted but not yet vested;

(3) If a fault event occurs to an Eligible Participant, the incentive shares granted to him/her will be deemed canceled. Unexercised Options terminate exercise, and unvested RSUs terminate vesting. For exercised but unsold Options and/or vested but unsold RSUs held by Eligible Participants, the Scheme Administrator has the right to require them to return the cash or other proceeds to the entity designated by the Scheme Administrator when reducing their shareholding. If the incentive shares have been sold for profit, the Scheme Administrator has the right to require the Eligible Participant to return the cash or other proceeds to the entity designated by the Scheme Administrator. When an Eligible Participant commits an event of default, he/she shall simultaneously bear any losses, compensation, and expenses caused to the Company or its affiliates as a result. The Incentive Shares Award Agreement or the Scheme Administrator may otherwise provide or determine. Eligible Participants are obliged to actively cooperate in completing the signing of relevant legal documents;

(4) Other circumstances as determined by the Scheme Administrator.

Lapse of Share Incentives

In the event of a non-fault event concerning an Eligible Participant, all of his/her unvested Shares shall be deemed to have lapsed, and the vesting of unvested Options/RSUs shall terminate. For vested but unexercised Options, the Eligible Participant should choose whether to exercise them within the period specified by the Scheme Administrator after the date of the non-fault event. If the Eligible Participant fails to exercise the vested Options within the specified period, such Options shall immediately lapse. Lapsed Share Incentives will be returned to the trustee and may continue to be used for the purpose of granting Share Incentives under the Scheme. The vested and unsold RSUs and exercised and unsold Options shall continue to be held by the Eligible Participants, but shall remain subject to the lock-up undertakings under the Scheme, and other undertakings in the Incentive Shares Grant Agreement and Trust Deed.

If, due to any legal provisions, the Scheme Rules cannot be enforced for a certain period, both parties shall execute them in the manner stipulated in the Scheme Rules within one month after the end of that period or when the law permits such transfer.

Since the Adoption Date and up to the Latest Practicable Date, no options and awards have been granted, vested, cancelled or lapsed under the Share Incentive Scheme by the Company.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises Mr. Zhu Nanjun (Chairman), Mr. Qian Mingxing and Ms. Fang Xuan, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim results and the interim report of the Group for the six months ended June 30, 2026.

PUBLICATION OF INTERIM REPORT

The interim report containing the Company's information and the Group's unaudited condensed consolidated interim results for the six months ended June 30, 2026 has been published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at www.xiaocaiyuan.com, and has been dispatched to Shareholders who wish to receive printed version of the Company's corporate communications.

INDEPENDENT AUDITOR'S REVIEW REPORT

KPMG

Review report to the board of directors
of Xiaocaiyuan International Holding Ltd.
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 34 to 60, which comprise the consolidated statement of financial position of Xiaocaiyuan International Holding Ltd. (the "Company") and its subsidiaries (the "Group") as of 30 June 2026 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

INDEPENDENT AUDITOR'S REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants

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

14 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2026 (unaudited) *(Expressed in Renminbi)*

		Six months ended 30 June	
		2026	2025
	Note	RMB'000	RMB'000
Revenue	3	**2,902,600**	2,713,666
Other revenue	4	**18,855**	15,156
Raw materials and consumables used		**(937,925)**	(801,662)
Staff costs	5(b)	**(826,684)**	(666,396)
Depreciation of right-of-use assets		**(139,449)**	(128,706)
Other rentals and related expenses		**(44,548)**	(48,137)
Depreciation and amortisation of other assets		**(106,382)**	(89,830)
Utility expenses		**(100,519)**	(83,396)
Advertising and promotion expenses		**(42,801)**	(53,344)
Delivery service expenses		**(166,475)**	(181,884)
Other expenses	5(c)	**(148,394)**	(115,779)
Other net income	5(d)	**5,506**	2,780
Finance costs	5(a)	**(23,307)**	(20,155)
Profit before taxation		**390,477**	542,313
Income tax	6	**(101,108)**	(159,916)
Profit for the period		**289,369**	382,397
Attributable to:			
Equity shareholders of the Company		**289,839**	382,397
Non-controlling interests		**(470)**	–
		289,369	382,397
Earnings per share	7		
Basic		**0.25**	0.33
Diluted		**0.25**	0.33

The notes on pages 43 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026 (unaudited) *(Expressed in Renminbi)*

	Note	Six months ended 30 June 2026 RMB'000	Six months ended 30 June 2025 RMB'000
Profit for the period		**289,369**	382,397
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**(30,905)**	(1,284)
Item that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of overseas subsidiaries		**4,246**	1,026
Other comprehensive income for the period		**(26,659)**	(258)
Total comprehensive income for the period		**262,710**	382,139
Attributable to:			
Equity shareholders of the Company		**263,180**	382,139
Non-controlling interests		**(470)**	–
Total comprehensive income for the period		**262,710**	382,139

The notes on pages 43 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 (unaudited) *(Expressed in Renminbi)*

	Note	**At 30 June 2026 RMB'000**	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	8	**951,543**	923,566
Right-of-use assets	8	**745,044**	821,853
Intangible assets		**1,326**	1,826
Deferred tax assets		**18,003**	18,512
Rental deposits		**67,756**	51,207
Time deposits		**–**	110,000
		1,783,672	1,926,964
Current assets			
Inventories	9	**93,340**	111,063
Trade and other receivables	10	**269,514**	272,214
Financial assets at fair value through profit or loss ("FVPL")	11	**1,535,851**	1,169,696
Time deposits	12	**270,000**	20,000
Cash and cash equivalents	12	**253,684**	297,786
		2,422,389	1,870,759

The notes on pages 43 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 (unaudited) *(Expressed in Renminbi)*

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current liabilities			
Bank loans and other borrowings	13	**560,000**	100,000
Trade and other payables	14	**291,068**	241,791
Contract liabilities	15	**79,032**	68,502
Lease liabilities		**246,045**	246,791
Current taxation		**57,827**	59,119
		1,233,972	716,203
Net current assets		**1,188,417**	1,154,556
Total assets less current liabilities		**2,972,089**	3,081,520
Non-current liabilities			
Lease liabilities		**527,337**	604,280
Provisions		**34,070**	33,765
Deferred income		**3,078**	3,236
		564,485	641,281
Net assets		**2,407,604**	2,440,239

The notes on pages 43 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 (unaudited) *(Expressed in Renminbi)*

	Note	**30 June 2026 RMB'000**	31 December 2025 RMB'000
Capital and reserves			
Share capital	16(b)	**77**	77
Reserves		**2,407,527**	2,440,162
Total equity		**2,407,604**	2,440,239

Approved and authorised for issue by the board of directors on 14 August 2026.

Wang Shugao	)	
	)	Directors
Tian Chunyong	)	

The notes on pages 43 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 (unaudited) *(Expressed in Renminbi)*

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Exchange reserve RMB'000	Statutory Surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025		77	1,247,253	231,307	3,639	69,355	813,784	2,365,415	–	2,365,415
Changes in equity for the six months ended 30 June 2025:										
Profit for the period		–	–	–	–	–	382,397	382,397	–	382,397
Other comprehensive income		–	–	–	(258)	–	–	(258)	–	(258)
Total comprehensive income		–	–	–	(258)	–	382,397	382,139	–	382,139
Appropriation to statutory reserve		–	–	–	–	5,279	(5,279)	–	–	–
Dividends declared	16(a)	–	(375,000)	–	–	–	–	(375,000)	–	(375,000)
Balance at 30 June 2025 and 1 July 2025		77	872,253	231,307	3,381	74,634	1,190,902	2,372,554	–	2,372,554
Changes in equity for the six months ended 31 December 2025:										
Profit for the period		–	–	–	–	–	332,695	332,695	–	332,695
Other comprehensive income		–	–	–	(15,755)	–	–	(15,755)	–	(15,755)
Total comprehensive income		–	–	–	(15,755)	–	332,695	316,940	–	316,940
Appropriation to statutory reserve		–	–	–	–	7,390	(7,390)	–	–	–
Dividends declared		–	–	–	–	–	(249,255)	(249,255)	–	(249,255)
Balance at 31 December 2025		77	872,253	231,307	(12,374)	82,024	1,266,952	2,440,239	–	2,440,239

The notes on pages 43 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 (unaudited) *(Expressed in Renminbi)*

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Treasury shares RMB'000	Exchange reserve RMB'000	Statutory Surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2026		77	872,253	231,307	-	(12,374)	82,024	1,266,952	2,440,239	-	2,440,239
Changes in equity for the six months ended 30 June 2026:											
Profit/(loss) for the period		-	-	-	-	-	-	289,839	289,839	(470)	289,369
Other comprehensive income		-	-	-	-	(26,659)	-	-	(26,659)	-	(26,659)
Total comprehensive income		-	-	-	-	(26,659)	-	289,839	263,180	(470)	262,710
Appropriation to statutory reserve		-	-	-	-	-	3,724	(3,724)	-	-	-
Shares repurchase	16(c)	-	-	-	(47,845)	-	-	-	(47,845)	-	(47,845)
Dividends declared	16(a)	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	2,500	2,500
Balance at 30 June 2026		77	872,253	231,307	(47,845)	(39,033)	85,748	1,303,067	2,405,574	2,030	2,407,604

The notes on pages 43 to 60 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2026 (unaudited) *(Expressed in Renminbi)*

		Six months ended 30 June	
		2026	2025
	Note	RMB'000	RMB'000
Operating activities			
Cash generated from operations		**740,528**	901,741
Income tax paid		**(101,891)**	(136,991)
Net cash generated from operating activities		**638,637**	764,750
Investing activities			
Payment for the purchase of property, plant and equipment		**(174,177)**	(91,889)
Payment for the purchase of intangible assets		**–**	(15)
Payment for purchase of financial assets measured at FVPL, net		**(384,950)**	(390,000)
Payment for provisions		**(623)**	–
Investment income received		**3,204**	3,282
(Increase)/decrease in time deposits		**(140,000)**	147,356
Interest income received		**4,126**	4,313
Net cash used in investing activities		**(692,420)**	(326,953)

The notes on pages 43 to 60 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2026 (unaudited) *(Expressed in Renminbi)*

		Six months ended 30 June	
	Note	2026 RMB'000	2025 RMB'000
Financing activities			
Proceeds from bank loans and other borrowings		**460,000**	100,000
Payment of capital element of lease liabilities		**(131,126)**	(121,021)
Payment of interest element of lease liabilities		**(19,835)**	(18,832)
Interest expenses of bank loans paid		**(2,678)**	(615)
Dividends paid	16(a)	**(250,000)**	(375,000)
Purchase of treasury shares		**(47,845)**	–
Capital contributions from non-controlling shareholders of a subsidiary		**2,500**	–
Net cash generated from/(used) in financing activities		**11,016**	(415,468)
Net (decrease)/increase in cash and cash equivalents		**(42,767)**	22,329
Cash and cash equivalents at 1 January	12	**297,786**	616,661
Effect of foreign exchange rate changes		**(1,335)**	(161)
Cash and cash equivalents at 30 June	12	**253,684**	638,829

The notes on pages 43 to 60 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting,* issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 14 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on pages 32 to 33.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to International Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE

(a) Revenue

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

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Restaurant operations	**1,944,713**	1,647,139
– Delivery business	**945,275**	1,057,411
– Others	**12,612**	9,116
	2,902,600	2,713,666
Disaggregated by timing of revenue recognition		
– Point in time	**2,895,989**	2,713,666
– Over time	**6,611**	–
	2,902,600	2,713,666

No revenue from individual customer contributed over 10% of total revenue of the Group for the six months ended 30 June 2026 (the six months ended 30 June 2025: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Other revenue		
Interest income on:		
– bank deposits	**4,126**	4,313
– rental deposits	**1,245**	1,019
	5,371	5,332
Investment income on wealth management products	**3,204**	3,282
Government grants (note (i))	**10,280**	6,542
	18,855	15,156

Note:

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest on lease liabilities	**19,835**	18,832
Interest on bank loans	**2,678**	615
Interest on provisions	**794**	708
	23,307	20,155

(b) Staff costs

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Salaries, wages and other benefits	**799,419**	650,792
Contributions to defined contribution retirement plan (i)	**27,265**	15,604
	826,684	666,396

Note:

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION *(Continued)*

(c) Other expenses

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Property management expenses	**83,313**	68,631
Transportation and related expenses	**21,515**	15,469
Administrative expenses	**9,756**	2,090
Professional service expenses	**4,652**	2,904
Cleaning fees	**8,995**	6,930
Taxes and surcharges	**7,579**	8,283
Business development expenses	**2,135**	3,442
Impairment losses of property, plant and equipment and right-of-use assets	**2,101**	–
Others	**8,348**	8,030
	148,394	115,779

(d) Other net income

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Net losses on disposal of property, plant and equipment and right-of – use assets	**8,938**	8,358
Changes in fair value of the financial assets at FVPL	**(9,517)**	(15,659)
Exchange (gains)/losses	**(322)**	1,910
Other (income)/losses	**(4,605)**	2,611
	(5,506)	(2,780)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current tax		
Provision for the period	**100,599**	133,270
	100,599	133,270
Deferred tax		
Origination and reversal of temporary differences	**509**	26,646
	101,108	159,916

Notes:

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% for the six months ended 30 June 2026 and 2025. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.

(iii) Taxable income for the subsidiaries of the Company in the PRC is subject to PRC income tax rate of 25% for the six months ended 30 June 2026 and 2025, unless otherwise specified below.

For the six months ended 30 June 2026, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential income tax rate of 5% (the six months ended 30 June 2025: 5%) on taxable income for the amounts within RMB3,000,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB289,839,000 (six months ended 30 June 2025: RMB382,397,000) and the weighted average of 1,175,741,000 ordinary shares (2025: 1,176,519,000 shares) in issue during the interim period.

(b) Diluted earnings per share

For the six months ended 30 June 2026 and 30 June 2025, diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB145,508,000 (six months ended 30 June 2025: RMB96,514,000). Items of plant and machinery with a net book value of RMB10,346,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB8,358,000), resulting in a loss on disposal of RMB10,346,000 (six months ended 30 June 2025: RMB8,358,000).

(b) Right-of-use assets

During the six months ended 30 June 2026, the Group entered into a number of lease agreements for use of restaurants and warehouses, and therefore recognised the additions to right-of-use assets of RMB65,636,000 (six months ended 30 June 2025: RMB60,233,000).

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

	Six months ended 30 June 2026		
	Fixed payments RMB'000	**Variable payments RMB'000**	**Total payments RMB'000**
Leased assets	**150,961**	**4,550**	**155,511**

	Six months ended 30 June 2025		
	Fixed payments RMB'000	Variable payments RMB'000	Total payments RMB'000
Leased assets	139,853	8,428	148,281

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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

(c) Impairment losses

As at the end of each Reporting Period, in view of the unfavorable future prospects of certain restaurants, the Group's management estimated the recoverable amount of each such restaurant (cash-generating unit ("CGU")) with an indication of impairment. The recoverable amount of each CGU is determined based on fair value less cost of disposal or the value-in-use calculations by preparing cash flow projections of the relevant CGUs derived from the most recent financial forecast approved by the management covering the remaining lease term, which is higher. The cash flows are discounted using a discount rate of 12.9% as at 30 June 2026 (30 June 2025: 12.5%), respectively. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

During the six months ended 30 June 2026, the impairment loss of RMB2,101,000 (six months ended 30 June 2025: nil) was recognised, as the carrying amount of certain cash-generating units ("CGUs") exceeded their recoverable amount. The impairment loss was allocated to the assets in related restaurant including right-of-use assets, leasehold improvement and other property, plant and equipment within CGU on a pro rata basis, which was recognised in profit or loss as the "Other expenses" in the consolidated statement of profit or loss and other comprehensive income respectively.

9 INVENTORIES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Food ingredients	**61,332**	84,168
Condiment products	**12,294**	11,885
Beverage	**5,693**	4,426
Others	**14,021**	10,584
	93,340	111,063

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 month	**31,538**	31,384
1 to 3 months	**1,254**	1,415
3 to 6 months	**466**	271
Over 6 months but within 1 year	**410**	580
Trade debtors	**33,668**	33,650
Other receivables and deposits	**92,636**	94,457
Prepayments	**106,734**	116,435
Value added tax recoverable	**36,476**	27,672
	269,514	272,214

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

11 FINANCIAL ASSETS AT FVPL

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Financial assets at FVPL		
– Wealth management products	**1,535,851**	1,169,696

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

During the six months ended 30 June 2026, the net unrealised gain in these investments of RMB9,517,000 (six months ended 30 June 2025: RMB15,659,000) was recognised as gains in changes of fair value recognised in profit or loss.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Cash on hand	**–**	1
Cash at bank	**523,684**	427,785
Less: Time deposits	**(270,000)**	(130,000)
	253,684	297,786

13 BANK LOANS AND OTHER BORROWINGS

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year or on demand	**560,000**	100,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within one year	**89,056**	53,627
Trade payables	**89,056**	53,627
Staff cost payable	**129,793**	97,555
Other taxes payable	**13,638**	8,316
Other payables and accrued charges	**58,581**	82,293
	291,068	241,791

15 CONTRACT LIABILITIES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contract liabilities related to prepaid cards	**70,752**	67,430
Contract liabilities related to customer membership programs	**8,280**	1,072
	79,032	68,502

Movements in contract liabilities

	2026 RMB'000	2025 RMB'000
Balance at 1 January	**68,502**	77,334
Net increase in contract liabilities during the period	**41,127**	68,502
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	**(30,597)**	(77,334)
Balance at 30 June/31 December	**79,032**	68,502

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2026 RMB'000	2025 RMB'000
Interim dividend approved and will be paid after the interim period of RMB0.2139 per ordinary share (2025: RMB0.2119 per share)	**250,000**	250,000

The interim dividend has not been recognised as a liability at the end of the Reporting Period.

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.2125 per ordinary share (2025: RMB0.3187 per share)	**250,000**	375,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Share capital

	Number of shares '000	Amount USD'000	Share capital RMB'000
Ordinary shares			
At 1 January 2025, 30 June 2025, 31 December 2025 and 30 June 2026	1,176,519	12	77

(c) Treasury shares

During the Reporting Period, the Company repurchased its own shares directly on The Stock Exchange of Hong Kong Limited as follows:

Trading month	**Number of shares repurchased**	**Highest price paid per share HK$**	**Lowest price paid per share HK$**	**Aggregate price HK$'000**
May 2026	2,343,200	7.13	6.62	16,333
June 2026	5,549,600	7.31	6.41	37,989
Total				54,322
Equivalent to RMB'000				47,845

The total amount paid on the repurchased shares of HK$54,322,000 (equivalent to RMB47,845,000) was recognized as treasury shares.

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

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

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2026 RMB'000	Fair value measurements as at 30 June 2026 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Asset:				
Financial assets at FVPL	**1,535,851**	**85,814**	**1,450,037**	**–**

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Asset:				
Financial assets at FVPL	1,169,696	–	1,169,696	–

During the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2025: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the Reporting Period in which they occur.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

18 COMMITMENTS

Commitments outstanding at 30 June 2026 not provided for in the interim financial report

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contracted for acquisition of property, plant and equipment	**92,530**	144,285

19 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Short-term employee benefits	**3,380**	4,133
Contributions to defined contribution retirement plan	**258**	185
	3,638	4,318

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

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

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 annual reporting periods 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 is still in the progress of assessing the impact of the adoption.

DEFINITIONS

"Articles of Association" or "Articles"	the third amended and restated articles of association of the Company adopted by special resolution on April 20, 2026 with effect on the same date, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"BVI Entities"	XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited
"China" or "PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to "China", "Mainland China" or the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"Company" or "the Company"	Xiaocaiyuan International Holding Ltd. (小菜園國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on October 19, 2021, the Shares of which were listed on the Main Board of the Hong Kong Stock Exchange on December 20, 2024 (stock code: 0999)

DEFINITIONS

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, shall mean Mr. Wang, the Other Individual Shareholders, Mr. Wang Enpeng, Mr. Tian Jiawen, the BVI Entities and Lighthouse Light Investments Limited
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong Public Offering and the International Offering mentioned in the Prospectus
"Group", "we" or "us"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board
"Latest Practicable Date"	September 14, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report prior to its publication

DEFINITIONS

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

DEFINITIONS

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months from January 1, 2026 to June 30, 2026
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"US$" or "U.S. dollar"	United States dollar, the lawful currency of the United States
"Xiaocaiyuan"	Xiaocaiyuan (小菜園), one of our restaurant brands
"Xiaocaiyuan Holdings"	Anhui Xiaocaiyuan Holdings Co., Ltd. (安徽小菜園控股有限公司), a limited liability company incorporated under the laws of the PRC on December 2, 2020
"%"	percentage