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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6868)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Financial Highlights

- Revenue for the six months ended 30 June 2023 was approximately RMB842.8 million, increased by 5.0% as compared with approximately RMB802.4 million for the corresponding period in 2022;
- The gross profit of the Group increased by 4.6% from RMB441.9 million for the six months ended 30 June 2022 to RMB462.4 million for the six months ended 30 June 2023;
- Gross profit margin for the six months ended 30 June 2023 decreased from approximately 55.1% for the six months ended 30 June 2022 to 54.9%;
- Profit for the six months ended 30 June 2023 increased from RMB75.1 million for the corresponding period in 2022 to RMB98.9 million;
- Basic earnings per share for the six months ended 30 June 2023 amounted to RMB0.09; and
- The Board resolved to pay an interim dividend of HKD0.05 (equivalent to RMB0.046) per share.

The board (the "**Board**") of directors (the "**Directors**") of Tenfu (Cayman) Holdings Company Limited (the "**Company**" or "**Tenfu**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 as below.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2023 Unaudited *RMB'000*	2022 Unaudited *RMB'000*
Revenue	*5*	**842,760**	802,411
Cost of sales		**(380,400)**	(360,492)
Gross profit		**462,360**	441,919
Distribution costs		**(187,042)**	(203,409)
Administrative expenses		**(137,705)**	(142,348)
Other income	*6*	**7,504**	6,659
Other losses – net	*7*	**(1,963)**	(1,130)
Operating profit		**143,154**	101,691
Finance income		**6,355**	16,332
Finance costs		**(14,016)**	(13,480)
Finance (costs)/income – net		**(7,661)**	2,852
Share of net profit of investments accounted for using equity method		**2,078**	3,019
Profit before income tax		**137,571**	107,562
Income tax expense	*8*	**(38,661)**	(32,497)
Profit for the period		**98,910**	75,065
Profit is attributable to:			
Shareholders of the Company		**98,910**	75,065
Non-controlling interests		**–**	–
		98,910	75,065
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period		**98,910**	75,065
Total comprehensive income for the period attributable to:			
Shareholders of the Company		**98,910**	75,065
Non-controlling interests		**–**	–
		98,910	75,065
Earnings per share for profit attributable to the shareholders of the Company			
– Basic earnings per share	*9*	**RMB0.09**	RMB0.07
– Diluted earnings per share	*9*	**RMB0.09**	RMB0.07

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2023 Unaudited *RMB'000***	As at 31 December 2022 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**674,202**	696,260
Right-of-use assets	*11*	**445,460**	439,742
Investment properties		**69,242**	52,057
Intangible assets		**5,130**	5,722
Investments accounted for using equity method		**114,401**	115,152
Deferred income tax assets		**44,354**	45,005
Prepayments – non-current portion	*12(b)*	**15,892**	7,905
Long-term time deposits		**50,000**	–
		1,418,681	1,361,843
Current assets			
Inventories		**1,024,027**	1,063,367
Trade and other receivables	*12(a)*	**212,018**	282,301
Prepayments	*12(b)*	**76,209**	79,393
Financial assets at fair value through profit or loss		**3,731**	4,145
Restricted cash		**2,400**	–
Cash and cash equivalents		**289,105**	348,443
		1,607,490	1,777,649
Total assets		**3,026,171**	3,139,492

	Note	As at 30 June 2023 Unaudited *RMB'000*	As at 31 December 2022 Audited *RMB'000*
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital	*13*	**89,706**	89,784
Treasury shares		**(307)**	(3,747)
Other reserves	*14*	**3,099**	7,405
Retained earnings		**1,649,302**	1,676,624
Total equity		**1,741,800**	1,770,066
LIABILITIES			
Non-current liabilities			
Borrowings	*16*	**9,800**	19,700
Lease liabilities	*11*	**148,056**	132,068
Deferred income on government grants		**41,779**	42,484
Deferred income tax liabilities		**62,945**	58,090
		262,580	252,342
Current liabilities			
Trade and other payables	*15*	**230,918**	294,309
Dividends payable		**275**	266
Current income tax liabilities		**40,244**	45,841
Borrowings	*16*	**629,829**	658,429
Contract liabilities	*17*	**69,947**	72,723
Lease liabilities	*11*	**50,578**	45,516
		1,021,791	1,117,084
Total liabilities		**1,284,371**	1,369,426
Total equity and liabilities		**3,026,171**	3,139,492

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Group is engaged in the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, sales of tea ware, catering management, beverage production and sales of pre-packaged food. The Group has manufacturing plants in Fujian Province, Sichuan Province, Guangxi Zhuang Autonomous Region, Guizhou Province and Zhejiang Province, the People's Republic of China (the "PRC") and sells mainly to customers located in the PRC.

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

The Company's ordinary shares has been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 September 2011.

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Company's board of directors (the "Board") on 17 August 2023.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This financial information is extracted from the full set of interim condensed consolidated financial information for the six months ended 30 June 2023 which has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

3 MATERIAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements.

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

(a) New and amended standards adopted by the Group

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

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023

(b) The following new interpretations and amendments to standards and interpretations have been issued but were not mandatory for annual reporting periods ending on 31 December 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements- Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies Amendments to HKAS 1
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

5 REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Revenue

Revenue of the Group consists of the following revenue for the six months ended 30 June 2023 and 2022. All revenue is derived from external customers.

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Sales of tea leaves	**611,059**	584,720
Sales of tea snacks	**107,771**	101,919
Sales of tea ware	**93,020**	95,250
Others	**30,910**	20,522
	842,760	802,411

The segment results for the six months ended 30 June 2023:

			Unaudited		
	Tea leaves	**Tea snacks**	**Tea ware**	**All other segments**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**611,059**	**107,771**	**93,020**	**30,910**	**842,760**
Segment results	**127,038**	**14,741**	**7,788**	**552**	**150,119**
Unallocated administrative expenses					**(12,506)**
Other income					**7,504**
Other losses – net					**(1,963)**
Finance costs – net					**(7,661)**
Share of net profit of investments accounted for using equity method					**2,078**
Profit before income tax					**137,571**
Income tax expense					**(38,661)**
Profit for the period					**98,910**

Other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2023:

	Unaudited					
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Depreciation of property, plant and equipment	**20,333**	**6,416**	**3,547**	**1,520**	**6,388**	**38,204**
Depreciation of investment properties	**569**	**142**	**144**	**–**	**866**	**1,721**
Depreciation and amortisation of right-of-use assets	**30,083**	**5,277**	**4,407**	**481**	**–**	**40,248**
Amortisation of intangible assets	**229**	**37**	**41**	**7**	**382**	**696**
Losses on disposal of property, plant and equipment and investment properties, net	**817**	**147**	**176**	**6**	**–**	**1,146**

The segment assets and liabilities as at 30 June 2023 are as follows:

	Unaudited					
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment assets	**1,855,507**	**277,210**	**306,908**	**320,974**	**265,572**	**3,026,171**
Segment liabilities	**595,989**	**101,478**	**98,538**	**39,549**	**448,817**	**1,284,371**

The segment results for the six months ended 30 June 2022:

	Unaudited				
	Tea leaves *RMB'000*	Tea snacks *RMB'000*	Tea ware *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Segment revenue	584,720	101,919	95,250	20,522	802,411
Segment results	91,720	11,612	5,950	(671)	108,611
Unallocated administrative expenses					(12,449)
Other income					6,659
Other losses – net					(1,130)
Finance income – net					2,852
Share of net profit of investments accounted for using equity method					3,019
Profit before income tax					107,562
Income tax expense					(32,497)
Profit for the period					75,065

Other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2022:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other segments	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment	21,166	6,931	3,908	1,316	6,485	39,806
Depreciation of investment properties	211	51	54	–	574	890
Depreciation and amortisation of right-of-use assets	28,420	5,002	4,485	782	–	38,689
Amortisation of intangible assets	151	24	26	5	173	379
Losses on disposal of property, plant and equipment, net	159	36	12	–	–	207

The segment assets and liabilities as at 31 December 2022 are as follows:

	Audited					
	Tea leaves	Tea snacks	Tea ware	All other segments	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	1,856,369	329,337	376,842	318,140	258,804	3,139,492
Segment liabilities	667,229	116,501	93,712	44,599	447,385	1,369,426

6 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Government grants	**2,261**	4,148
Income from investment properties	**4,033**	1,678
Others	**1,210**	833
	7,504	6,659

7 OTHER LOSSES – NET

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment, and investment properties, net	**1,146**	207
Net foreign exchange losses	**403**	211
Net fair value losses on financial assets at fair value through profit or loss	**414**	712
	1,963	1,130

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**33,156**	25,987
Deferred income tax	**5,505**	6,510
Income tax expense	**38,661**	32,497

(i) Cayman Islands profits tax

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

(ii) Hong Kong profits tax

For the six months ended 30 June 2023 and 2022, Hong Kong profits tax has not been provided for subsidiaries incorporated in Hong Kong as these subsidiaries did not have estimated assessable profit for the period.

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

For the six months ended 30 June 2023 and 2022, the applicable corporate income tax rate for Mainland China subsidiaries is 25% except for subsidiaries which are qualified as small and micro enterprises and would be entitled to enjoy a beneficial tax rate of 2.5% or 5%.

(iv) PRC withholding income tax

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

Such withholding tax is recorded under deferred income tax. For the six months ended 30 June 2023, Tenfu (Hong Kong) Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the six months ended 30 June 2022: 5%), on its estimate of deferred income tax. Ten Rui (Hong Kong) Sales Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the six months ended 30 June 2022: 5%), on its estimate of deferred income tax.

9 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
Profit attributable to the shareholders of the Company (RMB'000)	**98,910**	75,065
Weighted average number of ordinary shares in issue ('000)	**1,091,242**	1,094,162
Basic earnings per share (RMB)	**0.09**	0.07

Diluted earnings per share for the six months ended 30 June 2023 and 2022 were the same as the basic earnings per share as there were no dilutive instruments during the periods.

10 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interim dividend declared	**50,196**	37,182

An interim dividend for 2023 of HKD5 cents (equivalent to RMB4.6 cents) (interim dividend for 2022: HKD4 cents (equivalent to RMB3.4 cents)) per share was declared by the Board on 17 August 2023 using RMB50,196,000 of the retained earnings (interim dividend for 2022: RMB37,182,000). This interim dividend, amounting to HKD54,561,000 (equivalent to RMB50,196,000) (interim dividend for 2022: HKD43,744,000 (equivalent to RMB37,182,000)), has not been recognised as liability in these interim condensed consolidated financial statements. It will be reflected as an appropriation of retained earnings for the year ending 31 December 2023. Similarly, the interim dividend for 2022 declared by the Board on 16 August 2022 was reflected as an appropriation of retained earnings for the year ended 31 December 2022 after 30 June 2022.

The final dividend for 2022 of HKD141,984,000 (equivalent to RMB126,232,000) and the one for 2021 of HKD251,879,000 (equivalent to RMB217,577,000) had been reflected as an appropriation of retained earnings for the six months ended 30 June 2023 and 2022 respectively after obtaining the approval from the shareholders at the Company's annual general meeting held on 17 May 2023 and 17 May 2022 respectively.

The dividend paid in the six months ended 30 June 2023 were RMB126,232,000 (six months ended 30 June 2022: RMB217,431,000).

11 LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Right-of-use assets		
– Land use rights	**263,119**	275,815
– Retail shops	**182,341**	163,927
	445,460	439,742
Lease liabilities		
– Current	**50,578**	45,516
– Non-current	**148,056**	132,068
	198,634	177,584

(ii) Amounts recognised in the statement of comprehensive income

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

	Unaudited Six months ended 30 June					
	2023			2022		
	Retail Shops ***RMB'000***	**Land use rights** ***RMB'000***	**Total** ***RMB'000***	Retail Shops *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*
Depreciation and amortisation charge of right-of-use assets						
Distribution costs	**30,506**	**6,387**	**36,893**	30,466	6,216	36,682
Administrative expenses	**1,873**	**156**	**2,029**	489	156	645
Cost of sales	**–**	**1,326**	**1,326**	–	1,362	1,362
	32,379	**7,869**	**40,248**	30,955	7,734	38,689
Interest expense (including in finance costs)			**4,574**			3,818
Expense relating to short-term leases			**10,543**			10,709
Exemption of lease expenses due to COVID-19			**–**			(376)
Total charges to the statement of comprehensive income			**55,365**			52,840

The total cash outflow for leases during the period was RMB34,195,000 (30 June 2022: RMB30,428,000).

12 TRADE RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	As at 30 June 2023 Unaudited *RMB'000*	As at 31 December 2022 Audited *RMB'000*
Trade receivables due from third parties	**208,575**	279,746
Less: provision for impairment	**(2,796)**	(3,850)
Trade receivables, net	**205,779**	275,896
Dividend receivable	**100**	–
Others	**6,139**	6,405
	6,239	6,405
Trade and other receivables	**212,018**	282,301

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

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

	As at 30 June 2023 Unaudited *RMB'000*	As at 31 December 2022 Audited *RMB'000*
Up to 140 days	**186,561**	270,992
141 days to 6 months	**12,703**	3,415
6 months to 1 year	**6,875**	2,462
1 year to 2 years	**1,812**	2,877
Over 2 years	**624**	–
	208,575	279,746

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

(b) Prepayments

	As at 30 June 2023 Unaudited *RMB'000*	As at 31 December 2022 Audited *RMB'000*
Non-current		
Prepayments for property, plant and equipment	**8,095**	7,905
Prepayments for land use rights	**7,797**	–
	15,892	7,905
Current		
Prepayments for lease of property and lease deposits	**21,151**	24,406
Prepayments to related parties	**14,192**	10,163
Prepayments for raw materials and packaging materials	**24,882**	26,133
Prepaid taxes	**15,984**	18,691
	76,209	79,393
	92,101	87,298

13 SHARE CAPITAL AND TREASURY SHARES

	Number of authorised shares *(thousands)*	Number of issued shares *(thousands)*	Unaudited Ordinary shares (nominal value) *RMB'000*	Treasury shares *RMB'000*	Total *RMB'000*
At 1 January 2022	8,000,000	1,095,126	90,025	(2,897)	87,128
Repurchase of shares	–	–	–	(4,048)	(4,048)
Cancellation of shares	–	(1,537)	(126)	6,828	6,702
At and 30 June 2022	8,000,000	1,093,589	89,899	(117)	89,782
At 1 January 2023	**8,000,000**	**1,092,181**	**89,784**	**(3,747)**	**86,037**
Repurchase of shares	**–**	**–**	**–**	**(944)**	**(944)**
Cancellation of shares	**–**	**(966)**	**(78)**	**4,384**	**4,306**
At and 30 June 2023	**8,000,000**	**1,091,215**	**89,706**	**(307)**	**89,399**

(i) Details of treasury shares

	Number of issued shares *(thousands)*
At 1 January 2022	640
Repurchase of shares	923
Cancellation of shares	(1,537)
At 30 June 2022	26
At 1 January 2023	**816**
Repurchase of shares	**222**
Cancellation of shares	**(966)**
At 30 June 2023	**72**

The Company repurchased 222,000 ordinary shares of its own through the Stock Exchange from 1 January 2023 to 30 June 2023. The total value of shares repurchased was approximately HKD1,070,000 (approximately RMB948,000) and has been deducted from shareholders' equity, and the actual payment made for the repurchase was RMB946,000 due to the dividends received by the Company for shares repurchased before ex-dividend date.

As at 30 June 2023, the Company cancelled 966,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,092,181,460 to 1,091,215,460. The amount of share capital was deducted accordingly.

The Company repurchased 923,000 ordinary shares of its own through the Stock Exchange from 1 January 2022 to 30 June 2022. The total value of shares repurchased was approximately HKD4,858,000 (approximately RMB4,048,000) and has been deducted from shareholders' equity, and the actual payment made for the repurchase was RMB3,945,000 due to the dividends received by the Company for shares repurchased before ex-dividend date.

As at 30 June 2022, the Company cancelled 1,537,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,095,126,460 to 1,093,589,460. The amount of share capital was deducted accordingly.

14 OTHER RESERVES

	Merger reserve *RMB'000*	Capital reserve *RMB'000*	Unaudited Statutory reserves *RMB'000*	Other *RMB'000*	Total *RMB'000*
At 1 January 2022	278,811	231	314,877	(586,499)	7,420
Cancellation of shares	–	–	–	(6,599)	(6,599)
At 30 June 2022	278,811	231	314,877	(593,098)	821
At 1 January 2023	**278,811**	**231**	**327,597**	**(599,234)**	**7,405**
Cancellation of shares	**–**	**–**	**–**	**(4,306)**	**(4,306)**
At 30 June 2023	**278,811**	**231**	**327,597**	**(603,540)**	**3,099**

During the six months ended 30 June 2023, the Company cancelled 966,000 shares (six months ended 30 June 2022: 1,537,000 shares) repurchased, resulted in a reduction to other reserve by RMB4,306,000 (six months ended 30 June 2022: RMB6,599,000) including the expenses attributable to the cancellation.

15 TRADE AND OTHER PAYABLES

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Trade payables – due to third parties	**71,574**	107,182
Trade payables – due to related parties	**–**	18,884
Total trade payables	**71,574**	126,066
Notes payable	**10,000**	10,000
Payables for property, plant and equipment	**3,032**	3,161
Other taxes payable	**20,645**	20,490
Employee benefit payables	**23,861**	37,245
Others	**101,806**	97,347
	230,918	294,309

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

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Up to 6 months	**70,436**	125,206
6 months to 1 year	**389**	137
1 year to 2 years	**125**	116
Over 2 years	**624**	607
	71,574	126,066

16 BORROWINGS

	As at 30 June 2023 Unaudited *RMB'000*	As at 31 December 2022 Audited *RMB'000*
Long-term bank borrowings		
– Others (i)	**9,800**	19,700
Short-term bank borrowings		
– Unsecured	**152,429**	123,129
– Others (ii)	**477,400**	535,300
Total borrowings	**639,629**	678,129

(i) As at 30 June 2023, long-term bank borrowings of RMB9,800,000 (31 December 2022: RMB19,700,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are directors of the Company, either separately or jointly. The borrowing bears interest at the rates quoted by People's Bank of China from time to time and requires one time repayment at March 2025.

(ii) As at 30 June 2023, short-term bank borrowings of RMB477,400,000 (31 December 2022: RMB535,300,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are directors of the Company, either separately or jointly.

17 CONTRACT LIABILITIES

	As at 30 June 2023 Unaudited *RMB'000*	As at 31 December 2022 Audited *RMB'000*
Advance receipts from customers	**54,468**	60,248
Deferred revenue: customer loyalty programme	**15,479**	12,475
	69,947	72,723

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In the first half of 2023, the Group achieved revenue of RMB842.8 million, up 5.0% from the corresponding period in 2022, and recorded profit for the period of RMB98.9 million, up 31.7% from the corresponding period in 2022. The increase in the Group's revenue for the period was mainly due to the gradual recovery from the negative impact of coronavirus disease ("**COVID-19**").

In the first half of 2023, it was still challenging under the impact of the COVID-19, coupled with the impact of the global economy, geopolitics and a slowdown in its economic growth in China, with customers' daily-life consumption tightened. However, under the macro environment established by the PRC Government with domestic circulation as the main focus and domestic and international dual circulation as the driving force, policies such as stabilizing employment, protecting people's livelihood, stimulating consumption, etc. will continue to be in force, and the consumer and retail markets are expected to propel a continued rebound. Under this environment, the Group has further strengthened its market position and the efficiency of its operations, including further expanding its network, actively promoting the customer loyalty programme, consolidating and developing customer base, increasing release of marketing program and education and training for the employees, improving employees' benefits, while controlling expenditures.

1. **Leading brand position.** The Company has been awarded the title of "China's Tea Industry Comprehensive Top 100 Enterprises" by the China Tea Marketing Association from 2013 to 2021. Pursuant to the data of Chinese Enterprises Brands Research Centre (中國企業品牌研究中心), Tenfu ranked first among 2019 China's chain stores of tea in terms of brand index, the "Tenfu" (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. Mr. Lee Rie-Ho, the chairman of the Board, obtained the honorary title of Outstanding Chinese Tea People (Lifetime Achievement) in November 2020 and listed as one of the tea industry influencers in 2022 by Chinese Tea Association and China Tea Industry Alliance. The tea mooncakes of the Group have been awarded the honorable titles of Golden Mooncakes and China Mooncakes for the three consecutive years from 2016 to 2018, the title of National Classic Mooncakes for 2018 and the titles of Quality Mooncakes and China Mooncakes for 2019. The tea mooncakes of the Group also won the first prize for China Mooncake Quality in 2019. With its high level of brand awareness and more than 25 years of presence in the market, as well as its diversified product range, the Group believes that it is in a good position to continue to occupy a large market share of branded traditional Chinese tea leaves and wait for the market re-bounce.

2. **Adjusting and optimising sales network.** The Group has continued adjusting retail outlets and retail points with a view to optimising the reach of its sales network for its tea products in the PRC. As at 30 June 2023, the Group had a total of 1,340 self-owned and third-party owned retail outlets and retail points, up a net of 8 retail stores and retail points from a total of 1,332 as at 31 December 2022.

3. **Growth in net profit margin.** In the first half of 2023, net profit margin increased to 11.7% from 9.4% for the six months ended 30 June 2022 mainly due to the increase of sales and cost control policy.

4. **Adjustment in each tea product category and development of diversified product lines.** In the first half of 2023, the Group adjusted its tea product categories, increasing the sales percentage of middle- and higher-ended products to meet Chinese consumers' need and the sales income of green tea increased during the period. Additionally, the Group established cooperation with Kinmen Kaoliang Liquor Inc. of Taiwan to sell the sorghum liquor with double brands, i.e., Tenfu and Kinmen Kaoliang Liquor Inc. in the PRC from mid of 2019. The Group also established a food research and development department to develop diversified traditional food, such as Buddha Jumping over the Wall and Instant Bird's Nest.

5. **Strengthened costs control.** The Group has strengthened its costs control on all items in accordance with prevailing economic environment and market conditions, and as a result, the aggregate of distribution costs and administrative expenses decreased as compared with the corresponding period in 2022 while each of revenue and profit increased as compared with the corresponding period in 2022.

6. **Anti-counterfeiting effort.** The Group has implemented a security code for each product, which has covered most of the products. The customers can easily check and confirm the product authenticity.

In the second half of 2023, it is expected that the retail industry in China will recover gradually from the interruption brought by COVID-19, the Group will cater its plans to keep its market share, continue with its expansion, optimise its network of self-owned and third-party owned retail outlets and retail points. In particular, the Group plans to:

1. **Continue to adjust and optimise its retail sales network.** The Group will further adjust retail outlets and retail points, including both self-owned and third-party owned retail outlets and retail points, according to the economic development of the PRC. As part of this goal, the Group plans to identify, establish and keep new retail outlets on high-traffic streets in the central business districts of selected cities, as well as retail points in popular shopping malls, actively expand networks in third-tier and fourth-tier and small cities, and develop quality distributors to increase sales of its tea products. To capture more customers who prefer to buy their tea products online, the Group continues to promote internet sales through its subsidiary, namely, Xiamen Tianyu Commerce and Trading Co., Limited (廈門天鈺商貿有限公司). The Group will continue to monitor other opportunities for multi-channel sales and distribution network, which enables the Group to access a broad market audience and penetrate into different regions in the PRC, and continue to rapidly expand their sales. The COVID-19 pandemic unexpectedly swept across the world and influenced the retail industry, bringing about continuous uncertainties and ups and downs. The pandemic boosted the "Stay-at-home Economy", which resulted in a significant increase in customer stickiness to online consumption. The accelerated development of digital economy continued to drive the upgrading of online consumption and the online and offline integration speeded up, accelerating the development of emerging consumption models such as food delivery and delivery-to-home services. Consumer demands showed a trend of diversified, personalised and rational development and the Group will follow the trend.

2. **Continue to enhance brand reputation and consumer awareness.** The Group plans to maintain and promote its high level of brand awareness through targeted marketing and promotional activities. As part of these promotional activities, the Group plans to make further efforts to promote its products and brands during traditional Chinese festivals, and actively hold tea ware exhibition, pu'er tea expo, new tea tasting events and tea art education activities for communication and interactions with customers in order to maintain and promote the well-known "Tenfu" (天福) brand. The Group also plans to continue the promotion of an enhanced rewards program for its customers in order to encourage repeating business and increase customer loyalty.

3. **Continue to develop new concepts for tea-related products.** The Group believes that a broad portfolio of products will help it maintain its leading brand position and keep pace with constantly changing consumer preferences and trends. To this end, the Group will continue the development of tea and tea-related products to meet market requirements, as well as creating the trend and leading the trend. Xiamen Tianqia Catering Management Co., Limited (廈門天洽餐飲管理有限公司), a subsidiary of the Group, offers the tea drink (including milk tea) with the trademark of "放牛斑". The Group will further monitor the opportunity and expand its market share in other tea products once available.

4. **Expand production capacity through the increase of the number of processing facilities.** The Group currently has two packaging facilities in Fujian province and one packaging facility in each of Sichuan province, Zhejiang province, Guangxi Zhuang Autonomous Region and Guizhou province for tea leaves and two production facilities in Fujian province and one production facility in Sichuan province for tea snacks. The Group plans to cater for future growth and anticipated increases in the demand for tea and tea-related products by expanding production capacity when suitable acquisition opportunities arise or suitable construction sites can be acquired. The Group has production facilities strategically located in different parts of China, which would achieve optimisation in procurement costs.

5. **Quality control.** The Group considers product quality control to be essential to its operations, and places particular emphasis on inspecting and controlling the quality of raw materials in its supply chain. The Group will continue its commitment to quality assurance going forward by further enhancing its internal testing capabilities. In October 2015, the Group got the qualification certification for its egg roll and candy production line and related auxiliary areas, reaching the consolidated standards for prerequisite and food safety programs of American Institute of Baking. Tea mooncakes of the Group have obtained the titles of "high quality mooncakes" and "China mooncakes" of China Mooncakes Culture Festival since 2012 for ten consecutive years.

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

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2023, the Group was engaged in the sales and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The Group has manufacturing plants in Fujian province, Sichuan province, Zhejiang province, Guangxi Zhuang Autonomous Region and Guizhou province, the PRC. The Group's key products are tea leaves, tea snacks and tea ware, which it sells through a nationwide network of self-owned and third-party owned retail outlets and retail points. The Group has started the sales of tea drink (including milk tea, with the trademark of "放牛斑").

During the six months ended 30 June 2023, the Group derived substantially all of its revenue from the sales of tea leaves, tea snacks and tea ware. The revenue of the Group increased by 5.0% from RMB802.4 million for the six months ended 30 June 2022 to RMB842.8 million for the six months ended 30 June 2023. The following table sets forth a breakdown of revenue by product category for the periods indicated:

	Six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Revenue contributed from:				
Sales of tea leaves	**611,059**	**72.5**	584,720	72.8
Sales of tea snacks	**107,771**	**12.8**	101,919	12.7
Sales of tea ware	**93,020**	**11.0**	95,250	11.9
Others(1)	**30,910**	**3.7**	20,522	2.6
Total	**842,760**	**100.0**	802,411	100.0

Note:

(1) "Others" include revenue from restaurants, hotels, tourists, management services and catering management, beverage production and sales of pre-packaged food and liquor. The Group derived its revenue from these operations through the provision of accommodation, food and beverages and other ancillary services and ticket sales from its tea museums.

Revenue from sales of the Group's tea leaves increased by 4.5% from RMB584.7 million for the six months ended 30 June 2022 to RMB611.1 million for the six months ended 30 June 2023. Revenue from sales of the Group's tea snacks increased by 5.8% from RMB101.9 million for the six months ended 30 June 2022 to RMB107.8 million for the six months ended 30 June 2023. Revenue from sales of the Group's tea ware decreased by 2.4% from RMB95.3 million for the six months ended 30 June 2022 to RMB93.0 million for the six months ended 30 June 2023. The increase in revenue for sales of tea leaves and tea snacks were mainly due to (i) the overall economic recovery development trend with an gradual upturn of consumer market, and (ii) a change in product structure and a success in sales promotion of the Group. The decrease in revenue for sales of tea ware was mainly due to consumption downgrade.

As at 30 June 2023, the Group had approximately 164 self-owned retail outlets and 1,176 distributors' stores throughout Mainland China accounted for approximately 37.6% and 58.7% of the total revenue respectively, compared with approximately 176 self-owned retail outlets and 1,156 distributors' stores as at 31 December 2022.

Cost of sales

Cost of sales of the Group primarily comprises costs of inventory (mainly including costs of raw materials) and labour costs. Cost of sales of the Group increased by 5.5% from RMB360.5 million for the six months ended 30 June 2022 to RMB380.4 million for the six months ended 30 June 2023, primarily due to an increase in sales.

Gross profit and gross profit margin

As a result of cost control and sales promotion, gross profit of the Group increased by 4.6% from RMB441.9 million for the six months ended 30 June 2022 to RMB462.4 million for the six months ended 30 June 2023, with gross profit margin decreasing from 55.1% for the six months ended 30 June 2022 to 54.9% for the six months ended 30 June 2023 due to adjustment of its tea product categories and decrease of retail percentage.

Distribution costs

The distribution costs of the Group decreased by 8.1% from RMB203.4 million for the six months ended 30 June 2022 to RMB187.0 million for the six months ended 30 June 2023. The decrease of distribution costs was primarily due to a decrease in employee benefit expenses and advertising expenses caused by cost control measures of the Group.

Administrative expenses

Administrative expenses for the Group decreased by 3.2% from RMB142.3 million for the six months ended 30 June 2022 to RMB137.7 million for the six months ended 30 June 2023. The decrease was primarily due to a decrease in employee benefit expenses caused by cost control measures of the Group.

Other income

Other income of the Group increased by 11.9% from RMB6.7 million for the six months ended 30 June 2022 to RMB7.5 million for the six months ended 30 June 2023. The increase was primarily due to an increase in income from investment properties.

Other losses – net

Other losses of the Group was RMB2.0 million for the six months ended 30 June 2023, as compared to other losses of RMB1.1 million for the six months ended 30 June 2022, primarily due to an increase in losses on disposal of property plant and equipment and investment properties.

Finance income

Finance income of the Group decreased from RMB16.3 million for the six months ended 30 June 2022 to RMB6.4 million for the six months ended 30 June 2023, primarily due to a decrease in net foreign exchange gains.

Finance costs

Finance costs of the Group is RMB14.0 million for the six months ended 30 June 2023 approximately comparable with that for the six months ended 30 June 2022.

Share of net profit of investments accounted for using the equity method

Share of net profit of investments accounted for using the equity method of the Group was a net profit amounting to RMB2.1 million and a net profit amounting to RMB3.0 million for the six months ended 30 June 2023 and 2022, respectively.

Income tax expense

Income tax expense of the Group increased by 19.1% from RMB32.5 million for the six months ended 30 June 2022 to RMB38.7 million for the six months ended 30 June 2023, primarily due to an increase in the Group's profit before tax from RMB107.6 million for the six months ended 30 June 2022 to RMB137.6 million for the six months ended 30 June 2023. In addition, the effective tax rate of the Group decreased from 24.9% to 22.8%, primarily due to the decrease in the accumulated loss of unrecognised deferred income tax assets.

Profit for the period

As a result of the foregoing factors, profit of the Group, all of which was attributable to the owners of the Company, increased by RMB23.8 million, or 31.7%, from RMB75.1 million for the six months ended 30 June 2022 to RMB98.9 million for the six months ended 30 June 2023. Net profit margin of the Group increased from 9.4% for the six months ended 30 June 2022 to 11.7% for the six months ended 30 June 2023, primarily due to an increase in revenue and cost control measures.

Liquidity and capital resources

Cash position

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

The Group's cash and cash equivalents decreased by RMB59.3 million, or 17.0%, from RMB348.4 million as at 31 December 2022 to RMB289.1 million as at 30 June 2023, primarily due to cash outflow from investing and financing activities.

The Group had net cash inflow from operating activities of RMB222.3 million, net cash outflow from investing activities of RMB83.7 million and net cash outflow from financing activities of RMB202.3 million for the six months ended 30 June 2023.

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB639.6 million as at 30 June 2023 as compared to RMB678.1 million as at 31 December 2022. As at 30 June 2023, the weighted average effective interest rate of the Group's bank borrowings was 3.17%, and 100% of the Group's bank borrowings were denominated in RMB.

As at 30 June 2023, long-term bank borrowings of RMB9,800,000 (31 December 2022: RMB19,700,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are the Directors, either separately or jointly. The borrowing bears interest at the rates quoted by People's Bank of China from time to time and requires one time repayment at March 2025. As at 30 June 2023, short-term bank borrowings of RMB477,400,000 (31 December 2022: RMB535,300,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are the Directors, either separately or jointly.

The Directors are of the view that the guarantee of bank borrowings of RMB487.2 million as at 30 June 2023 by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, being a form of financial assistance (as defined in the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) for the benefit of the Group, was on normal commercial terms where no security over the assets of the Group was granted in respect of such financial assistance provided by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin. Accordingly, such guarantee is exempt from all reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The Group regularly monitors its gearing ratio, which represents total debt as a percentage of total capital. Total debt is calculated as total borrowings (including current and non-current borrowings). Total capital is calculated as total equity plus total debt. As at 30 June 2023, the gearing ratio of the Group was 26.9%, compared to 27.7% as at 31 December 2022. The decrease during the first half of 2023 was primarily due to a decrease in total borrowings.

Working capital

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade and other receivables	**212,018**	282,301
Trade and other payables	**230,918**	294,309
Inventories	**1,024,027**	1,063,367
Trade receivables turnover days[(1)]	**78**	98
Trade payables turnover days[(2)]	**47**	66
Inventories turnover days[(3)]	**494**	481

Notes:

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

(2) *Trade payables turnover days = the average of the beginning and ending trade payables balances for the period, divided by cost of sales for the period, multiplied by the number of days in the period.*

(3) *Inventories turnover days = the average of the beginning and ending inventory balances for the period, divided by the cost of sales for the period, multiplied by the number of days in the period.*

The Group's trade and other receivables represent primarily balances due from third-party retailers. The Group's trade and other receivables decreased by RMB70.3 million from RMB282.3 million as at 31 December 2022 to RMB212.0 million as at 30 June 2023, primarily due to settlement of trade receivables from the third parties.

The Group's trade and other payables principally comprise payables to its raw material suppliers, employee benefit payables, other taxes payable, accrued operating expenses and advances from customers. The Group's trade and other payables decreased from RMB294.3 million as at 31 December 2022 to RMB230.9 million as at 30 June 2023, primarily due to a decrease in trade payables due to third parties.

The Group's inventories comprise raw materials (including packaging materials), work-in-progress and finished goods. The Group's inventories decreased from RMB1,063.4 million as at 31 December 2022 to RMB1,024.0 million as at 30 June 2023, because of a decrease of procurement.

As at 30 June 2023, the Group has sufficient working capital and financial resources to support its regular operations.

Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB, since all of its operating subsidiaries are based in the PRC. As at 30 June 2023, most of the operating entities' revenues, expenses, assets and liabilities were denominated in RMB. The Group's foreign exchange risk mainly arises from the portion of its sales and purchases of products denominated in USD and financing activities denominated in USD and HKD. The Directors are of the view that the Group does not have significant foreign currency risk.

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

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2023.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 3,580 employees with 3,575 employees based in the PRC and 5 employees based in Hong Kong. For the six months ended 30 June 2023, the labour cost of the Group was RMB161 million.

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

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the six months ended 30 June 2023.

OTHER INFORMATION

Purchase, Sales or Redemption of Shares

During the six months ended 30 June 2023, the Company repurchased a total of 222,000 shares of the Company (the "**Shares**") on the Stock Exchange at an aggregate consideration of HK$1,064,520. On 19 April 2023 and 9 May 2023, 938,000 and 28,000 Shares repurchased were cancelled, respectively. There were 72,000 Shares outstanding (repurchased but not yet cancelled) as at 30 June 2023. Subsequently, the Company had repurchased a total of 21,000 Shares at the aggregate consideration of HK$96,900 in July 2023 and 73,000 Shares repurchased were cancelled on 7 July 2023.

Details of the Share repurchases during the six months ended 30 June 2023 are as follows:

Month	Total number of Shares repurchased	Purchase price paid per Share Highest *(HK$)*	Lowest *(HK$)*	Aggregate consideration *(HK$)*
2023				
January	99,000	5.15	4.68	487,860
March	12,000	4.70	4.63	56,200
April	33,000	4.70	4.60	154,620
May	36,000	4.70	4.69	169,140
June	42,000	4.90	4.63	196,700
	222,000			1,064,520

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2023, the Company has complied with the code provisions included in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules and there has been no deviation from the code provisions as set forth under the CG Code for the six months ended 30 June 2023.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code for dealings in securities transactions by the Directors. Specific enquiries have been made with all Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

Interim Dividend

At the Board meeting held on 17 August 2023, it was resolved that an interim dividend of HK$0.05 (equivalent to RMB0.046) per Share (2022 interim dividend: HK$0.04 (equivalent to RMB0.03) per Share) be paid on or around 27 September 2023 to the Shareholders whose names appear on the Company's register of members on 7 September 2023. The dividend is intended to be ordinary in nature. The total amount of the dividend to be paid is approximately 50% of the consolidated after tax net profit of the Group for the six months ended 30 June 2023, which is similar to the basis of dividend paid for the same period last year.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from 5 September 2023 to 7 September 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 4 September 2023.

Review of Accounts

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive Directors and one non-executive Director. The Audit Committee and the Company's management have reviewed the accounting principles and practices adopted by the Group, and discussed risk management, internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2023. The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tenfu.com). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforesaid websites in due course.

By order of the Board
Tenfu (Cayman) Holdings Company Limited
Lee Chia Ling
Director

Hong Kong, 17 August 2023

As at the date of this announcement, the Board comprises nine members, of which Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, Dr. Fan Ren Da, Anthony and Mr. Zhang Honghai are the executive Directors; Mr. Tseng Ming-Sung is the non-executive Director; and Mr. Lo Wah Wai, Mr. Lee Kwan Hung, Eddie and Dr. Huang Wei are the independent non-executive Directors.